



# Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

## Metals

(Bloomberg) -- Aluminum traded near a three-month low — and iron ore extended its slump — even as China signaled support for its currency in the face of a strengthening US dollar.

The daily reference rate for the yuan was set stronger than 7.2 per dollar, after the currency fell past the key threshold of 7.3 in Friday trading. A weaker yuan typically hurts demand for industrial metals by making them more expensive for Chinese buyers.

Metals came under pressure last quarter as Donald Trump's decisive victory in the US presidential election buoyed the dollar, while China's mixed efforts to reboot growth fueled an uncertain demand outlook.

"Trump's trade policy plans are driving renewed expectations of a stronger-for-longer US dollar," BMI, a Fitch Solutions company, said in a note. "This has the potential to send prices lower."

Aluminum dropped 0.2% to \$2,488 a ton as of 12:46 p.m. Shanghai time, while zinc fell 0.2%. Iron ore futures lost 1.2% to \$97.05 a ton in Singapore, the lowest since November.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,853	R1	8,969		
S2	8,668	R2	8,865		RSI below 50
S3	8,516	R3	9,314		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,853
- Technically bearish on the previous report (before Christmas), the futures were approaching the USD 8,867 support; if broken it would indicate that there was an Elliott wave extension to the downside. However, the RSI was in divergence on the 1-hour timeframe, warning sell side momentum could slow down. The depth of the pullback suggested support levels were vulnerable, the divergence would need to be monitored, meaning we remained a cautious bear.
- The futures traded to a low of USD 8,757 before finding bid support. We are trading below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 8,853 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side. Upside moves that fail to or below USD 9,124 will warn that there is a larger, bearish Elliott wave cycle in play, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that we have light momentum support. Lower timeframe Elliott wave analysis is warning that we still have the potential to have one more test to the downside; however, below USD 8,757, the futures will create a second divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown. Technically we are starting to turn neutral, as the bearish wave cycle is showing signs that it could soon exhaust.

# Aluminium Morning Technical (4-hour)

Reset



	Support	Resistance	Current Price	Bull	Bear
S1	2,464	R1	2,481	Stochastic oversold	RSI below 50
S2	2,413	R2			
S3	2,389	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,507
- Technically bearish on the last report, the 4-hour divergence with the RSI had failed but remained in play on the 1-hour chart. Not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. Lower timeframe Elliott wave analysis continued to suggest that upside moves look like they could be countertrend. We maintained a note of caution on moves lower at those levels due to the divergence and the daily 200-period MA at USD 2,010.
- The futures initially held the 200-period MA and traded to a high of USD 2,574; however, the move was countertrend and failed to hold, resulting in the futures trading to a new low. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,507 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,542 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum remains weak at this point. However, Elliott wave analysis suggests we are on a wave 5, warning sell side momentum could soon exhaust, making USD 2,542 the key resistance to follow. If rejected, it will indicate that there is further downside within this cycle; if broken, then the probability of the futures trading to a new low will start to decrease. A cautious bear.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,892.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,900
- Technically bearish on the previous report, the downside move below USD 2,970 meant that the probability of there being a larger, bullish Elliott wave cycle in play was decreasing. The MA on the RSI continued to suggest that momentum remains weak, whilst the Elliott wave correction was indicating that upside moves should in theory be countertrend. We were still in divergence on the 1-hour timeframe, meaning we maintained a note of caution on moves lower at those levels.
- The futures did find bid support and move higher; however, the move failed to hold (in line with our Elliott wave cycle), resulting in the futures trading to a new low. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,900 with the RSI at or above 39 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,996 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is starting to flatten, implying sell side momentum is slowing down. However, Elliott wave analysis continues to suggest that upside moves look like they could be countertrend, making USD 2,996 the key support to follow. A cautious bear at these levels, as the futures are vulnerable to a countertrend move higher.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	14,938	R1	15,100	Stochastic oversold	RSI below 50
S2	14,736	R2			
S3	14,480	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,085
- Technically bearish on the last report, our lower timeframe Elliott wave cycle suggested that we could trade as low as USD 15,087 within this phase of the cycle. However, our momentum cross on the lower timeframe is marginal; we noted that if the downside target was achieved, then we could see a bearish wave extension. At that point, we looked to be on the 5th and final wave of this phase of the cycle. If we trade above USD 15,585, then the intraday technical would be bullish based on price, making USD 15,926 the key resistance to follow.
- The futures initially traded to a low of USD 15,065, resulting in a bearish Elliott wave extension, meaning the subsequent upside move failing to hold. We have since traded to a new low with price remaining below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,085 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 15,416 will warn that there could be a larger, bearish wave cycle coming into play.
- Technically bearish. Having seen a downside wave extension, the futures have traded to a new low creating a positive divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which needs to be monitored. A cautious bear at these levels.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bull
S1	R1	1,937.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily point USD 1,926
- Technically bearish previously, the futures remained in divergence with the RSI, meaning we maintained a note of caution on moves lower at those level. As noted previously, our pattern analysis consisted of 5-waves lower, warning it looked to be a bearish impulse wave-A, warning upside moves should in theory be countertrend. If we did trade above USD 2,057, then the probability of the futures trading to a new low would start to decrease.
- The futures traded to a low of USD 1,955 before trading to a high of USD 2,006; however, the move failed to hold, resulting in price trading to a low of USD 1,920. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,926 with the RSI at or below 36 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 1,976 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we look to have had a 5-3-5 (A, B, C) wave pattern lower, implying caution on downside moves at these levels, as the technical could soon exhaust. We also have a positive divergence with the RSI, implying sell side momentum could slow down. Upside moves above USD 2,006 will mean that the intraday technical is bullish; if however, we fail to trade above USD 2,040, it will warn that there is potentially a larger, bearish wave cycle in play.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)