



# Base Morning Technical Report

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## Metals

(Bloomberg) -- Copper, aluminum and zinc extended declines as traders waited to see the extent to which US President Donald Trump will follow through on his threats to target nations including China with tariffs.

The newly-installed US leader has said he could impose new import levies on goods from China, Mexico and Canada as early as February, potentially setting the scene for a global trade war. A prolonged tariff conflict would slow global growth, pile more pressure on China's economy, and hurt demand for industrial metals.

A gauge of base metals dropped almost 9% last quarter on disappointing Chinese growth and a strengthening dollar following Donald Trump's election victory. However, the index has partially recovered this year as gains in the US currency stalled. Aluminum fell 1% to \$2,608 a ton on the London Metal Exchange as of 11:43 a.m. in Shanghai, heading for a third day of losses. Copper was down 0.7% and zinc dropped 1.4%. Steelmaking staple iron ore added 0.3% to \$103.85 a ton in Singapore, following a 1.1% drop on Wednesday.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,124	R1	9,235		
S2	9,090	R2	9,297		RSI below 50
S3	9,027	R3	9,379		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,235
- Technically bullish yesterday, the futures remained in divergence with the RSI; we noted that a move above USD 9,297 would create further divergences with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. If we did trade to a new high, it would confirm that we had seen an Elliott wave extension, meaning we had the potential to trade as high as USD 9,379 within this phase of the cycle. However, due to the divergence, we remained a cautious bull at these levels. Downside moves that closed below the low of the last dominant bull candle (USD 9,149 – this is also the low of the last high candle), would indicate that intraday sell side pressure was increasing (based on price), warning market bears were taking control.
- The futures have sold lower on the divergence; however, we are yet to close below the USD 9,149 level. Price is between the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,235 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,940 will warn that there could be a larger, bullish Elliott wave cycle in play.
- Technically we remain bullish, the MA on the RSI is implying we have light momentum weakness with price moving lower on the negative divergence with the RSI. However, we are yet to close below the low of the last dominant bull candle (USD 9,149), meaning we have a note of caution on moves lower until we get the bearish close. Conversely, upside moves above USD 9,297 will create further divergence with the RSI, warning buyside momentum could slow. The trend is bullish, price is consolidating, meaning we are taking a neutral view until we see a bearish close below USD 9,149.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,597	R1	2,609	Stochastic oversold	RSI below 50
S2	2,563	R2			
S3	2,536	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,632
- Technically bullish yesterday, the MA on the RSI implied that momentum was weak. We hadn't trade to a new high previously, meaning the futures were in the higher timeframe countertrend corrective wave 4, making USD 2,563 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Likewise, upside moves that rejected the USD 2,680 level would warn that there was the potential for further downside within this corrective phase. We maintained our view based on our wave analysis that this downside move looked to be countertrend.
- The futures continue to sell lower within the corrective phase. We are between the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,632 with the RSI at or above 58.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,563 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,671 will warn that there could be further downside within the corrective phase.
- Bullish but in a corrective phase, the MA on the RSI is warning that momentum remains weak. We have the 200-period MA at USD 2,581, this is also an area of consolidated from the 10th – 15th Jan, making it a near-term downside target for market sellers. If we hold above the longer-term average and see a close above the daily pivot level (USD 2,632, this is also the high of the last dominant bull candle), it will indicate buy side pressure is increasing, leaving the USD 2,671 resistance vulnerable. Likewise, a close below that holds below the 200-period MA will warn that the USD 2,563 support could be tested and broken. If it is, then the probability of the futures trading to a new high will start to decrease, meaning the bullish Elliott wave cycle has a higher chance of failing. Based on our Elliott wave analysis, we continue to have a note of caution on downside moves at these levels, as they could struggle to hold.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,845	R1	2,901	Stochastic oversold	RSI below 50
S2	2,807	R2	2,905		
S3	2,759	R3	2,920		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,901
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum weakness. The futures were approaching the weekly pivot level (USD 2,899), a close on the daily chart below this level would warn that the USD 2,868 support could come under pressure. If broken, then the probability of there being a larger, bullish wave cycle in play would start to decrease.
- The futures have continued to sell lower with price now below the USD 2,868 support. 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 2,901 with the RSI at or above 53 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,941 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 implying momentum remains weak. The probability of there being a larger bullish Elliott wave cycle in play has started to decrease. Faster moving oscillators suggest that near-term price action is starting to look oversold; warning we could see an intraday move higher; however, the depth of the pullback means that upside moves could struggle to hold. If we do close above the high of the last dominant bull candle (USD 2,894.5), then we could see the Fibonacci resistance zone come under pressure in the near-term.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,520	R1	15,610	Stochastic oversold	RSI below 50
S2	15,323	R2			
S3	15,168	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,824
- The futures were selling lower on a third negative divergence with the RSI. The MA on the RSI implied that momentum was weak, whilst the pullback was on an Elliott wave 5. Three divergences and weak momentum suggested the USD 15,735 support could be tested and broken; if it was, focus will be on the USD 15,323 level. We maintain a cautious view on moves higher, as momentum indicators suggest that they could struggle to hold.
- The futures continued to sell lower with price trading below the USD 15,735 support, meaning the technical is now bearish. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,824 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below 15,946 will leave the futures vulnerable to further tests to the downside. Likewise, downside moves that hold at or above 15,323 will imply that there is a larger, bullish wave cycle in play.
- Technically bearish, the MA on the RSI implies that momentum is weak. The futures have closed below the intraday 200-period MA (USD 15,710), if we hold below the average, the USD 15,323 support will come under pressure. Faster moving oscillators suggest near-term price action is oversold, meaning we could see an intraday move higher; however, corrective moves tend to consist of 3-waves (Elliott A – B – C), suggesting upside moves should be considered as countertrend at this point.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,943	R1	1,953		RSI below 50
S2	1,933	R2			
S3	1,917	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is below the daily point USD 1,970
- Technically bearish yesterday, the RSI was at 50 with price and momentum conflicting, whilst price was between the EMA support band, indicating neutrality. In theory, support levels remained vulnerable whilst we remained below the USD 1,977 resistance; however, we had a more neutral view due to the large bullish intraday candle previously. If we closed below the low of the dominant bull candle (USD 1,950), then support levels would become vulnerable. Until we did, we have a note of caution on moves lower.
- The futures traded higher on the back of the dominant bullish candle highlighted, resulting in price trading above the USD 1,977 resistance. We have sold lower this morning, meaning we are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,970 with the RSI at or above 54 will mean price and momentum are aligned to buyside.
- Technically bearish, the move lower this morning has resulted in price closing below the low of the most recent dominant bear candle (USD 1,959), indicating weakening price action. However, we have broken key support (USD 1,943) and key resistance (USD 1,977) in the last two days, indicating we lack of directional bias. For this reason, we now have a neutral view on this technical.

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