



Base Morning Technical Report

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(Bloomberg) -- Copper trimmed a gain following a major escalation in global trade tensions, with US President Donald Trump putting a 10% tariff on goods from China, and Beijing responding with a range of measures of its own.

Copper — a proxy for global growth — traded slightly higher in London, after having gained as much as 0.8% earlier. Moments after Trump slapped a 10% tariff on goods from Beijing, China imposed tariffs on a range of US products, and announced an investigation into Google.

Base metals have endured a bumpy start to the new year, buffeted by the trade-war moves, as well as concerns about the state of demand in China. On Monday, the US threatened — then deferred — tariffs against neighbors Mexico and Canada, swinging prices. The latest set of tariffs threatens to undercut metals consumption globally by slowing global growth.

Asia's largest economy also responded to the US tariffs with export controls on tungsten-related materials.

Copper was 0.5% higher at \$9,145 a ton on the London Metal Exchange at 1:56 p.m. in Singapore, after swinging in more-than-\$200 range on Monday. Aluminum was flat. Iron ore traded 0.7% higher at \$105 in Singapore.

Chinese markets remain closed for the Lunar New Year holiday, and will reopen on Wednesday.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,073	R1	9,009	RSI above 50	Stochastic overbought
S2	9,049	R2	9,039		
S3	9,043	R3	9,056		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,049
- Technically bearish, we had some conflicts yesterday. The MA on the RSI implied that we had light momentum weakness, countering this, the futures were in divergence with the RSI, warning we could see a momentum slowdown. However, lower timeframe Elliott wave analysis indicated that intraday upside moves should be considered as counter-trend, making USD 9,079 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. We followed the lower timeframe wave cycle, meaning we had a note of caution on intraday moves higher. This proved to be the wrong choice.
- The US postponed tariffs on Mexico by a month yesterday, resulting in the dollar weakening and base metals catching a bid. The futures have traded above the USD 9,079 and USD 9,164 resistance levels, meaning the intraday technical is now bullish. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,049 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,002 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish based on price, the MA on the RSI is implying that we have light momentum support. the move below USD 8,960 previously, warned that the probability of there being a larger bullish wave cycle in play had started to decrease. If we move higher and reject the USD 9,205 level, it will indicate that there could be a larger, bearish wave cycle in play. However, a move above this level will negate the USD 8,960 breach, meaning we could see the USD 9,355.5 fractal high come under pressure. The move higher on the divergence with price entering bullish territory is warning that the USD 9,205 resistance could be tested and broken. Countering this, if we close below the low of the high candle (USD 9,118), it will imply sell side momentum is increasing, meaning we could see the Fibonacci support zone come under pressure in the near-term, making USD 9,002 the key support to follow. If broken, then the probability of the futures trading above the USD 9,172.5 intraday high will start to decrease.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,603	R1	2,618	RSI above 50	Stochastic overbought
S2	2,563	R2			
S3	2,536	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,603
- Technically bullish with a neutral bias yesterday, the futures had held the USD 2,553 support whilst the RSI was also holding support. Upside moves that closed above and held above the 200-period MA (USD 2,581) warned that we could close the bearish gap that formed on the open (USD 2,588.5); if we did, then the Fibonacci resistance zone could come under pressure in the near-term, making USD 2,653 the key resistance to follow. If broken the probability of the futures trading to a new low would start to decrease. However, our lower timeframe Elliott wave analysis (on the corrective phase) suggested that intraday upside moves should be countertrend in the near-term.
- The futures closed above the 200-period MA resulting in the bearish gap being closed, we are now trading in the Fibonacci resistance zone. None of this was technically driven, as it was achieved in one move due to the postponement of Mexican tariffs. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,603 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,653 will warn that there could be further downside within the corrective phase, above this level the technical will be back in bullish territory.
- We remain bullish with a neutral bias, the MA on the RSI is flat, implying momentum is neutral. Yesterday we were cautious on upside moves due to the lower timeframe Elliott wave analysis on the corrective move, whilst price is below USD 2,653, this remains the case. However, when we look at the daily technical, we now have two bullish engulfing candle patterns above the daily 200-period MA (USD 2,623). We previously highlighted the original engulfing candle, which left us cautious on moves lower; however, the sell of yesterday on trade tariffs resulted in price trading to new lows. Having held the average for a second time, we are once again cautious on moves lower, as the daily technical suggests that there is underlying support in the market, meaning the USD 2,653 resistance is again vulnerable. If we looks at this like a game of cards, the better hand looks to be on the daily timeframe.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,772	R1	2,846	RSI above 50	Stochastic overbought
S2	2,745	R2	2,890		
S3	2,706	R3	2,926		

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,772
- Technically bearish yesterday, the RSI was holding support with the futures looking like they are on an Elliott wave 5 for this phase of the cycle, suggesting caution on downside moves in the near-term. However, this also suggested that upside moves should in theory be countertrend, making USD 2,890 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. We have a note of caution on moves lower at those levels in the near-term, as they could struggle to hold.
- The futures did move higher, with price now in the Fibonacci resistance zone. We are between the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,772 with the RSI at or below 40 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,890 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We are technically bearish, above USD 2,824 the intraday price will be bullish; however, the Elliott wave cycle is bearish below USD 2,890 and neutral above this level. We noted yesterday that the 5-wave pattern lower suggested that upside moves should be considered as countertrend, if we reject that USD 2,890 level, it will warn that support levels could come under pressure. However, we have highlighted the larger Elliott wave correction on the technical. The 5-wave pattern lower that we highlighted previously, looks like it could be wave 5 of C; if my interpretation of the cycle is correct, then it suggests that the correct move lower may have completed. Based on this, we are cautious on moves lower, as it implies that resistance levels are now vulnerable, making USD 2,890 a very important level.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,087	R1	15,100	Stochastic oversold	RSI below 50
S2	14,905	R2			
S3	14,785	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,164
- Technically bearish yesterday, the MA on the RSI implied that momentum remained weak; countering this, we were in divergence on the 1-hour timeframe. Upside moves that failed at or above USD 15,784 would warn that there could be a larger bearish Elliott wave cycle in play, due to the divergence, we maintained a note of caution on moves lower in the near-term.
- The futures did have a test to new lows; however, due to the divergence in play, the move failed to hold. We are moving lower this morning but remain above the USD 15,030 low from yesterday. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 15,164 with the RSI at or above 39 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 34.5 will mean it is aligned to the sell side. Upside moves that fail at or below 15,558 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, we remain bearish with the MA on the RSI is implying momentum is weak; countering this, we are still in divergence on the 1-hour timeframe. Upside moves that fail at or above USD 15,759 will warn that there could be a larger bearish Elliott wave cycle in play, due to the divergence, we maintain a note of caution on moves lower in the near-term.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,929	R1	1,945	Stochastic oversold	RSI below 50
S2	1,917	R2			
S3	1,895	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily point USD 1,946
- The intraday technical was bullish with a neutral bias yesterday. However, the daily technical was neutral. However, due to the consolidation, we were seeing random price movement on the intraday, resulting in false signals. Whilst in consolidation on the daily timeframe, we maintained a neutral bias going forward.
- The futures have seen a small move lower. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 1,946 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side.
- The futures remain in consolidation, meaning the technical is considered as neutral.