



Base Morning Technical Report

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Cu

(Bloomberg) -- The Chinese government is getting serious about constraining the blind expansion of copper smelters, although its new policy is likely to pause rather than stop development.

Eleven ministries signed an order last week to limit capacity in the world's biggest copper industry, by tying expansions to whether companies also control enough ore supply to feed their smelters. As China imports most of its feedstock, and ore has gotten scarcer anyway, it's a condition that's unlikely to be met by the vast majority of firms. But there could be wiggle room in how the policy is implemented.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,437	R1	9,465.5	RSI above 50	
S2	9,409	R2			
S3	9,310	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (54)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,532
- Technically bullish on the last report (Thursday), the futures had closed above the daily 200-period MA yesterday (USD 9,445) resulting in a move higher on the open. This suggested that we were potentially on a bull impulse Elliott wave 5 (for this phase of the cycle), warning resistance levels were vulnerable; however, the actual confirmation would only come on a move above USD 9,530. If we did see an upside breakout to a new high it would create a negative divergence with the RSI, not a sell signal it needed to be monitored, as it warned that we could see a momentum slowdown. On the longer-term technical (based on Elliott wave analysis), we maintained our view that downside moves looked like they could be countertrend.
- The futures traded to a high of USD 9684.5 on Friday; however, the move failed to hold due to the divergence, resulting in a bearish rejection candle forming on the daily chart. We remain above all key moving averages supported above the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,532 with the RSI at or above 65.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 9,437 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the futures have sold lower on a 1-hour divergence (the 4-hour divergence has failed), meaning price is now testing the daily 200-period MA (USD 9,441), a close below this level will weaken the near-term technical further. Below USD 9,437, the probability of the futures trading to a new high within this phase of the cycle will start to decrease; however, our Elliott wave analysis suggests that there could be a larger, bull cycle in play, making USD 9,176 a key level to follow. The daily rejection candle suggests support level are vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,630	R1	2,644	RSI above 50	Stochastic overbought
S2	2,589	R2			
S3	2,563	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,630
- Technically bullish but in a corrective phase on the previous report. The failure to hold above the linear regression line warned that we could see the 200-period MA come under pressure (USD 2,587). We noted that this was a benchmark average, if it held, it would imply that there was an underlying support in the market. However, a close below that held below the average would suggest that the USD 2,563 support could be breached for a second time. We were bullish, but the failure to hold above the linear line did suggest that support levels were vulnerable.
- The futures sold lower resulting in price testing but holding the intraday 200-period MA (USD 2,589). The subsequent upside move means price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,630 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell 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.
- Technically bullish, the MA on the RSI implies that we have light momentum support. We have failed to hold below the 200-period MA on three occasions, suggesting there is an underlying support in the market, indicating caution on moves lower in the near-term. Price is now approaching the linear regression line (USD 2,651), a close above that holds above the line will leave the USD 2,672 and potentially the USD 2,705 resistance levels vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,826	R1	2,858	RSI above 50	Stochastic oversold
S2	2,772	R2	2,890		
S3	2,706	R3	2,926		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,858
- Technically bullish on Thursday, the MA on the RSI was showing light momentum support. We noted that upside moves above USD 2,875 would create a negative divergence with the RSI, warning we could see a momentum slowdown. As noted previously, our Elliott wave analysis suggested that the bearish wave cycle looks to have completed; however, whilst below the USD 2,890 the futures remained vulnerable to downside wave extensions. The technical was in balance, it had found support off the weakening USD basket but needed to hold above the linear line and break the USD 2,890 resistance. The concern was the divergence above USD 2,875 and the daily 200 period MA at USD 2,895 (correction, the MA was intraday) which was sloping lower, suggesting it could act as technical resistance.
- The futures moved higher resulting in price breaking the USD at USD 2,890 resistance; however, price rejected the 200-period MA (USD 2,882) despite the 4-hour divergence failing. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,858 with the RSI at or above 56.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,772 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that we have light momentum weakness. The upside moves above USD 2,890 means that the probability of there being a larger bearish wave cycle in play has started to decrease, suggesting downside moves now have a high chance of being countertrend, making USD 2,772 the key support to follow. Corrective moves lower that hold at or above this level will further support a bull argument; likewise, if broken, it will warn of technical weakness. Linear regression support is at USD 2,819, a close below that holds below this level will leave the USD 2,772 support vulnerable. For upside continuation the futures now need to close above and hold above the linear regression line and close above intraday 200-period MA (USD 2,882).

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,240	R1	15,430	RSI below 50	
S2	15,210	R2			
S3	15,030	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is below the daily pivot point USD 15,483
- Technically bullish with a neutral bias last week, the probability of the futures trading to a new high had started to decrease, warning support levels were now vulnerable. The MA on the RSI implied that we had light momentum weakness, whilst we remained below the 200-period MA (USD 15,545), meaning we were cautious on moves higher.
- The futures traded above but failed to hold above the 200-period MA (USD 15,521), resulting in price seeing a small move lower. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 15,483 with the RSI at or above 51 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 15,662 will warn that there is further downside within this corrective phase.
- Technically bullish with a neutral bias, the deep pullback followed by the upside rejection is warning that support levels are vulnerable. If we remain below the 200-period MA, then the futures should continue to come under pressure; however, a close above that holds above the average will warn that the USD 15,662 resistance could come be vulnerable. If broken, then the technical will be back in bullish territory.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,977	R1	1,994.5	RSI above 50	
S2	1,964	R2			
S3	1,953	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is above the daily point USD 1,985
- Technically bearish previously, the MA on the RSI implied that momentum was weak; however, the RSI was testing its average. The futures had found bid support due to a positive divergence with the RSI; if price and momentum became aligned to the buy side, it would warn that we will be vulnerable to an intraday move higher, leaving resistance levels vulnerable.
- The futures traded to a high of USD 2,006 on the back of the divergence. 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 1,985 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,964 will warn that there could be a higher timeframe bullish wave cycle coming into play.
- The futures have broken fractal resistance on the move higher this morning, meaning the intraday technical is bullish. The MA on the RSI is indicating that we have light momentum support, whilst the downside move has held above the USD 1,964 level, warning that USD 2,020.5 fractal resistance could be tested and broken.

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