



Base Morning Technical Report

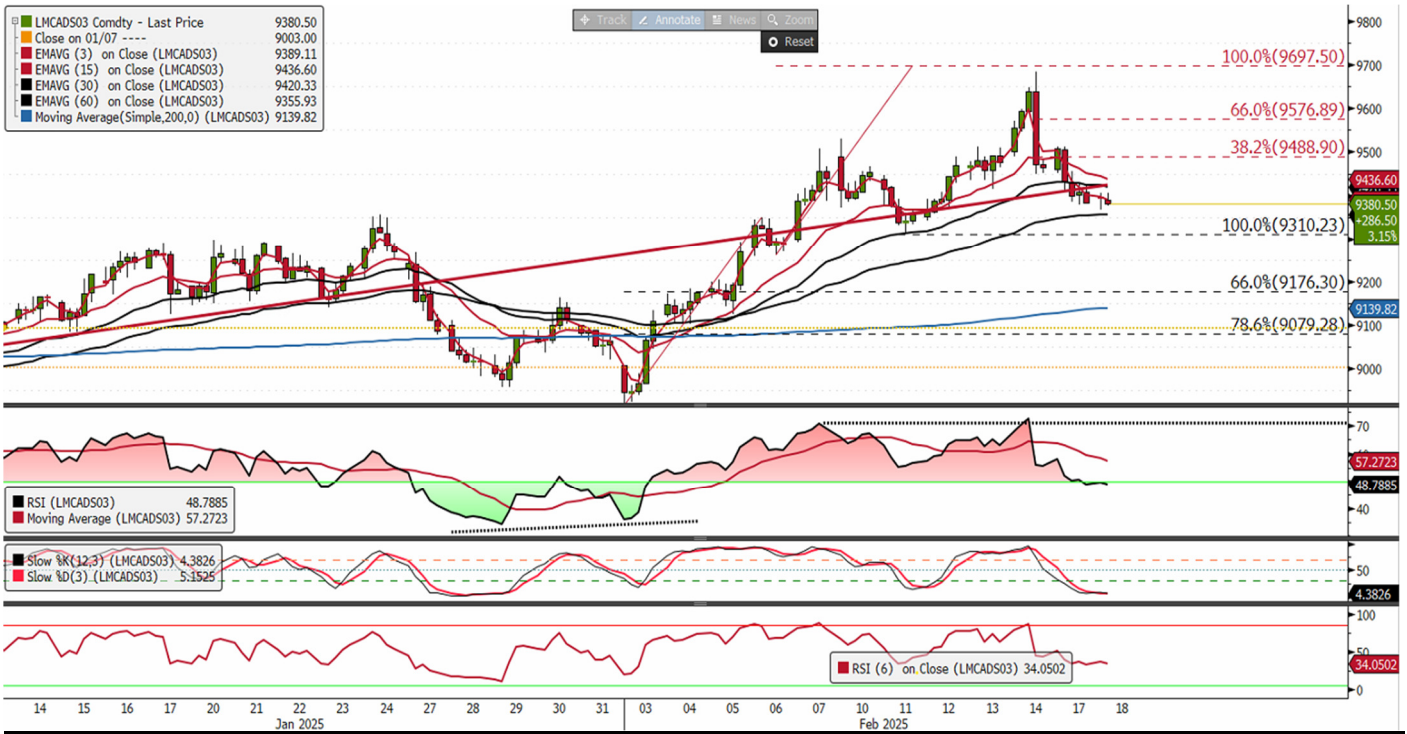
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(Bloomberg) -- Aluminum spreads flared into a steep bullish pattern on Monday in the latest wild swing in metal markets, following last Friday's extreme move on copper.

February aluminum futures on the London Metal Exchange traded at a premium of as much as \$27 a ton over March contracts, a structure known as backwardation that indicates tight near-term supply going into a key monthly settlement period. Most global positioning on the base metals market uses LME contracts that expire on the third Wednesday of each month. Those contracts trade at cash — to be rolled over, closed or delivered against two days prior — on Monday.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,310	R1	9,380.5	Stochastic oversold	RSI below 50
S2	9,176	R2			
S3	9,079	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI below 50 (48)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,425
- Technically bullish but in a corrective phase yesterday, the futures had sold lower on a 1-hour divergence (the 4-hour divergence has failed), meaning price was testing the daily 200-period MA (USD 9,441), a close below this level would 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 would start to decrease; however, our Elliott wave analysis suggested that there could be a larger, bull cycle in play, making USD 9,176 a key level to follow. The daily rejection candle suggested support level were vulnerable.
- The futures continued to sell lower due to the daily rejection candle, resulting in the USD 9,437 support being broken. 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 9,425 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,576 will warn that there is further downside within this corrective phase, above this level the technical will be back in bullish territory. Likewise, corrective moves that hold at or above USD 9,176 will warn that there is potentially a larger, bullish Elliott wave cycle coming into play.
- Technically bullish with a neutral bias, the probability of the futures trading to a new high within this phase of the cycle has started to decrease. The MA on the RSI implies that momentum is weak, warning resistance levels should hold if tested in the very near-term. As noted previously, our Elliott wave analysis does warn that there looks to be a larger, bullish wave cycle in play, making USD 9,176 the key support to follow. The downside move yesterday means the futures have closed below the daily 200-period MA (USD 9,438); if we hold below this level then market sellers will target the USD 9,310 and USD 9,176 support levels.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,592	R1	2,636	RSI above 50	Stochastic overbought
S2	2,571	R2			
S3	2,545	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is on the daily pivot point USD 2,636
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. We noted that we had failed to hold below the 200-period MA on three occasions, suggesting there was an underlying support in the market, indicating caution on moves lower in the near-term. Price was approaching the linear regression line (USD 2,651), a close above that held above the line would leave the USD 2,672 and potentially the USD 2,705 resistance levels vulnerable.
- The futures have rejected the linear regression line, resulting in price seeing a small move lower. We are above the EMA support band with the RSI near-neutral at 51, intraday price and momentum are aligned to the buy side, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,636 with the RSI at or below 49.5 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 we have light momentum support. The technical is now at an inflection point as we have linear resistance at USD 2,648, for upside continuation we need to close above and hold above this level. However, if we close below the weekly pivot support (USD 2,628) on the daily timeframe, it will imply sell side pressure is increasing, warning the 200-period MA (USD 2,592) could come under pressure. The technical is bullish, price action is neutral and needs to close outside of the USD 2,648—USD 2,628 range.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,826	R1	2,890	RSI above 50	
S2	2,772	R2	2,926		
S3	2,706	R3	2,986		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,859
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum weakness. The upside move above USD 2,890 meant that the probability of there being a larger bearish wave cycle in play had started to decrease, suggesting downside moves had a higher chance of being countertrend, making USD 2,772 the key support to follow. Corrective moves lower that held at or above this level would further support a bull argument; likewise, if broken, it would warn of technical weakness. Linear regression support was at USD 2,819, a close below that held below this level would leave the USD 2,772 support vulnerable. We noted that for upside continuation the futures needed to close above and hold above the linear regression line and close above intraday 200-period MA (USD 2,882).
- The futures remain above the linear regression line (USD 2,820); however we are seeing a small rejection of the 200-period MA (USD 2,882). We are 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 2,859 with the RSI at or below 52 will mean price and momentum are aligned to the sell 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.
- Bullish based on price, the probability of the futures trading to a new low has started to decrease due to the breach in the USD 2,890 resistance yesterday. We are holding above the linear regression line whilst rejecting the 200-period MA; if we look at the downside move on the open yesterday, we can see that the RSI broke its support. This is warning that there could be some technical weakness in the near-term, meaning the USD 2,820 level could come under pressure. If we close below and hold below this level the USD 2,772 support will start to come into focus. The technical is bullish, the small rejection on the 200-period MA and the breach in RSI support yesterday is leaving the futures vulnerable to an intraday move lower.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,240	R1	15,385	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 (45)
- Stochastic is above 50
- Price is below the daily pivot point USD 15,479
- Technically bullish with a neutral bias yesterday, the deep pullback followed by the upside rejection warned that support levels were vulnerable. We noted that if we remained below the 200-period MA, then the futures should continue to come under pressure; however, a close above that held above the average would warn that the USD 15,662 resistance could become vulnerable. If broken, then the technical would be back in bullish territory.
- The futures traded above but failed to hold above the 200-period MA (USD 15,522) for the second time, resulting in price selling lower on the Asian open. 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 15,479 with the RSI at or above 51.5 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.
- Unchanged on the technical today, the deep pullback previously followed by a second successive rejection of the 200-period MA continues to suggest that we are seeing sell side resistance at higher levels, warning support levels are starting to look vulnerable. However, as noted yesterday, if we do see a close above that holds above the average, it will warn that the USD 15,662 resistance could become vulnerable. If broken, then the technical will be back in bullish territory.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,991	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is above the daily point USD 1,990
- The futures had broken fractal resistance on the move higher yesterday, meaning the intraday technical was bullish. The MA on the RSI indicated that we had light momentum support, whilst the downside move had held above the USD 1,964 level, warning that USD 2,020.5 fractal resistance could be tested and broken.
- The upside move failed to hold yesterday, resulting in the futures testing but holding the EMA support band. The RSI is above 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,990 with the RSI at or above 55.5 will mean price and momentum are aligned to the buyside. 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.
- Bullish based on price, the MA on the RSI is implying that we have very light momentum weakness. The downside move into the close yesterday has resulted in a break in RSI support, warning there are signs of momentum weakness. The failure to hold the upside move has resulted in a bearish rejection candle on the daily chart, implying sell side resistance at higher levels; coupled with the breach is RSI support, we now have a note of caution on upside moves, as the technical is warning that could struggle to hold.

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