



Base Morning Technical Report

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China

(Bloomberg) -- China's decline in new-home prices eased for a fifth month in January, suggesting values are beginning to stabilize as policymakers step up efforts to end the property slump.

New-home prices in 70 cities, excluding state-subsidized housing, fell 0.07% from December, when they declined 0.08%, National Bureau of Statistics figures showed Wednesday. Values of used homes, which are subject to less government intervention, fell 0.34%, compared with a 0.31% drop a month earlier.

The figures offer a glimmer of hope for officials that are trying to end the housing slump that has weighed on Asia's largest economy for more than three years. Still, a solid rebound in sales is a prerequisite to put a floor under prices, according to Fitch Ratings.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,310	R1	9,440	Stochastic oversold	
S2	9,176	R2	9,482		
S3	9,079	R3	9,573		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI at 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,440
- Technically bullish with a neutral bias yesterday, the probability of the futures trading to a new high within this phase of the cycle had started to decrease. The MA on the RSI implied that momentum was weak, warning resistance levels should hold if tested in the very near-term. As noted previously, our Elliott wave analysis did 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 meant that the futures had closed below the daily 200-period MA (USD 9,438); if we held below this level then market sellers would target the USD 9,310 and USD 9,176 support levels.
- The futures traded to a low of USD 9,361 before finding bid support into the US close, resulting in price closing above the daily 200-period MA (USD 9,436). We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,440 with the RSI at or above 54 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 49.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 9,573 will warn that there is further downside within this corrective phase, above this level the technical will be back in bullish territory. Conversely, 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.
- We remain bullish with a neutral bias. The futures are at an inflection point as price continues to trade around the linear regression line (USD 9,439), and the 200-period MA (9,436). Elliott wave analysis suggests that downside moves should be considered as countertrend; however, if we remain below the USD 9,436—USD 9,439 resistance zone, then the USD 9,310 and USD 9,176 support levels remain vulnerable. Conversely a close above that holds above this zone will warn that the USD 9,573 resistance could be tested and broken. This technical needs to affirm near-term directional bias.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,657	R1	2,662	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 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,657
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. The technical was at an inflection point, as we had linear resistance at USD 2,648, for upside continuation we need to close above and hold above this level. However, if we closed below the weekly pivot support (USD 2,628) on the daily timeframe, it would imply sell side pressure was increasing, warning the 200-period MA (USD 2,592) could come under pressure. The technical was bullish, price action was neutral and needed to close outside of the USD 2,648—USD 2,628 range.
- The futures held the daily pivot level resulting in price moving higher. We are above the EMA support band with the RSI above 50; however, intraday price and momentum are conflicting as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,636 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is 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.
- Technically bullish, the MA on the RSI implies that we have light momentum support. The futures have closed above the linear regression line, resulting in the USD 2,668 fractal resistance being tested and broken. Lower timeframe Elliott wave analysis is suggesting downside moves should be considered as countertrend, implying resistance levels remain vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,879	R1	2,900	RSI above 50	Stochastic overbought
S2	2,826	R2	2,892		
S3	2,772	R3	2,926		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,879
- Bullish based on price yesterday, the probability of the futures trading to a new low had started to decrease due to the breach in the USD 2,890 resistance previously. We were holding above the linear regression line whilst rejecting the 200-period MA; if we looked at the downside move on the open yesterday, we could see that the RSI had broken its support. This warned that there could be some technical weakness in the near-term, meaning the USD 2,820 level could come under pressure. If we closed below and held below this level, the USD 2,772 support would start to come into focus. The technical was bullish, the small rejection on the 200-period MA and the breach in RSI support yesterday was leaving the futures vulnerable to an intraday move lower.
- The futures remained supported yesterday with price now above the 200-period MA (USD 2,879). We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,879 with the RSI at or below 53 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.
- Technically bullish, we noted yesterday that the break in the RSI warned of technical weakness. Although the futures have seen a small move higher, this remains the case, as a move above USD 2,900 will create a negative divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown which will need to be monitored. The breach in the USD 2,890 level recently does mean that the probability of the futures trading to a new low has started to decrease, making USD 2,772 the key support to follow, as corrective moves that hold above this level will warn that there is potentially a larger bullish Elliott wave cycle in play.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,240	R1	15,365	15,365	RSI below 50	
S2	15,210	R2	15,662			
S3	15,030	R3	15,898			

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 pivot point USD 15,410
- Unchanged on the technical yesterday, the deep pullback previously followed by a second successive rejection of the 200-period MA continued to suggest that we are seeing sell side resistance at higher levels, warning support levels were starting to look vulnerable. However, as noted previously, if we did see a close above that held above the average, it would warn that the USD 15,662 resistance could become vulnerable. If broken, then the technical would be back in bullish territory.
- Sideways price action in the last 24 hours, the futures remain supported but largely unchanged in price. 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 below USD 15,410 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 15,662 will warn that there is further downside within this corrective phase.
- Technically bullish but with a neutral bias, the probability of the futures trading to a new high has decreased. The MA on the RSI implies that we have light momentum weakness, whilst price has rejected the 200-period MA (15,520) on the last 3 tests to the upside, warning we are seeing sell side pressure at higher levels. Countering this, we have a double bottom support that has formed between USD 15,250—USD 15,240, meaning we have a range forming (neutrality). The depth of the pullback does suggest caution on upside moves; however, if we close above and hold above the longer-term average, it will warn that buy side support is entering the market, leaving resistance levels vulnerable. Likewise, downside breakouts below USD 15,240 will imply sell side pressure is increasing, meaning the USD 15,030 fractal low could be tested and broken. Mixed signals has resulted in a range forming, suggesting near-term price action is neutral.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	1,977	1,985	Stochastic oversold	RSI below 50
S2	1,964			
S3	1,953			
	R1	1,991		
	R2	2,006.5		
	R3	2,014		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is below the daily point USD 1,991
- Bullish based on price yesterday, the MA on the RSI implied that we had very light momentum weakness. The downside move into the close previously had resulted in a break in RSI support, warning there were signs of momentum weakness. The failure to hold the upside move had resulted in a bearish rejection candle on the daily chart, implying sell side resistance at higher levels; coupled with the breach in RSI support, we had a note of caution on upside moves, as the technical warned that they could struggle to hold.
- The futures remained supported yesterday, before selling lower on the open today; however, we are now seeing bid support of the USD 1,977 level. We are between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,991 with the RSI at or above 54 will mean price and momentum are aligned to the buy 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.
- Technically bullish but in a corrective phase, the MA on the RSI implies that we have light momentum weakness; countering this, price is holding the USD 1,977 Fibonacci support. The intraday corrective cycle lacks clarity; if we trade above the high of the daily rejection candle (USD 2,006.5), it will indicate that buy side pressure is increasing, suggesting the futures will trade above the USD 2,020.5 will be tested and broken. Likewise, downside moves that close on the daily candle below USD 1,989 will warn the USD 1,977—USD 1,964 support levels could come under pressure. With the intraday RSI making lower lows, we are more cautious on moves higher in the near-term.

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