# FIS Base Morning Technical Report

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(Bloomberg) -- China plans to add to its strategic reserves of key industrial metals this year, an effort to boost the resilience of critical minerals supply at time when energy-transition demand is increasing and geopolitical tensions are running high.
Cobalt, copper, nickel and lithium are among the metals the government plans to purchase, according to people familiar with the discussion. They asked not to be named as the conversations are not public. The National Food and Strategic Reserves Administration, which manages the country's official commodities stockpiles, has made price inquiries and sought to bid for some of these metals, the people said.

The National Development & Reform Commission — China's top planning body, whose purview includes stockpiles — had signaled the plan in its report for the country's annual parliament earlier this month, writing that the country would "move faster to fulfill the yearly task of stockpiling strategic goods."

The NDRC didn't respond to a faxed request for comment.

China's state stockpiler, previously known as the State Reserve Bureau, manages everything from inventories of crude oil to pork and copper, and the scale of its purchases mean it can have material impact on market prices. The agency has already been increasing metal stocks inclding cobalt in recent years, and has also replaced old copper inventories with newer ones in rotation.

Beijing's move is primarily about its ability to meet demand in crunch times, though the stockpiles can also be used to balance supplies and stabilize prices. Although the Chinese government occasionally announces some stockpiling plans, details such as the timing and quantity are usually considered confidential and are not made public.

The NDRC also said in its annual report that it would steadily build out storage facilities for grain, cotton, sugar, meat, and fertilizers, plus national oil reserve bases and general storage warehouses. It also aims to improve the management of reserves, and operational efficiency.

China has been diversifying its commodity suppliers for some time, seeking to minimize risk — but it is now also coming up against global trade dislocation triggered by US President Donald Trump's tariffs and the resulting market volatility. Prices of some metals have also been pushed higher.

Copper on the London Metal Exchange pushed through $10,000 a ton to the highest level since October this week, while prices on New York's Comex neared a record high. Trump last month ordered the US Commerce Department to investigate imports of copper, potentially in anticipation of imposing duties. Since then, prices have spiked and traders have scrambled to send metal to America, in turn reducing supply in the rest of the world.

Copper on the LME dropped 0.24% to $9,913 a ton at 11:27 a.m. Shanghai time, while Comex copper was down 0.22%. Nickel prices also edged lower in London.

Cobalt, a battery material that suffered sharp price declines from rising global output in recent years, has also soared this month — after an export moratorium introduced by the Democratic Republic of Congo, the world's largest producer.

# *Copper Morning Technical (4-hour)*

| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 9,820 | R1 | 9,963 | 9,870.5 | RSI above 50 | |
| S2 | 9,751 | R2 | 10,075 | | | |
| S3 | 9,656 | R3 | 10,123 | | | |

**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 9,963
- Technically bullish yesterday, the MA on the RSI indicated that we had momentum support, whilst the 4-hour divergence had failed. The upside move previously had resulted in a time extension on our lower timeframe oscillators, meaning downside move were considered as countertrend in the near-term, making USD 9,656 the key support to follow, if broken, then the probability of price trading to a new high would start to decrease. A close below the low of the last dominant bull candle (USD 9,954) would imply that buyside pressure was easing, warning we could be about to enter a corrective phase.
- We closed below the USD 9,954 level yesterday, resulting in the futures entering a corrective phase. Price is 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 9,963 with the RSI at or above 67.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 9,656 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the close below the low of the last dominant bull candle yesterday means we are now in a corrective phase. The MA on the RSI is showing light momentum weakness; however, lower timeframe Elliott wave analysis indicates that the move lower should in theory be countertrend. If we close below the last dominant bull candle on the daily chart (USD 9,867.5), it will further weaken the technical, warning support levels could come under pressure, making USD 9,656 the key support to follow. Below this level the probability of the futures trading to a new low will start to decrease. Keep an eye on the weekly candle on the close tonight, as we have already given back a significant part of the upside move this week. Downside moves should be countertrend, but if the weekly candle turns into a bearish rejection candle, it could be that support levels will be broken. At this point, the correction looks countertrend, but price will need to see bullish intraday price action to avoid coming under further pressure.

# Aluminium Morning Technical (4-hour)

| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 2,641 | R1 | 2,652 | 2,647.5 | Stochastic oversold | RSI below 50 |
| S2 | 2,628 | R2 | 2,660 | | | |
| S3 | 2,611 | R3 | 2,667 | | | |

Source Bloomberg

**Synopsis - Intraday**

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,667
- Technically bearish yesterday, we had traded up to but remained below the USD 2,685 resistance, if broken then the probability of the futures trading to a new low would start to decrease. Corrective moves lower that held above USD 2,657 would support a near-term bull argument, if broken, then the USD 2,646 fractal low would come under pressure. We noted that the technical cannot afford anymore upside from here, otherwise we would become neutral. In theory we noted that we should have another intraday test to the downside; however, the intraday 200-period SMA (USD 2,647) and the daily 50-period SMA 2,644 does did corrective moves lower are likely to find support from higher timeframe buyers.
- The futures traded above the USD 2,669 resistance; however, price rejected the linear regression line (USD 2,695), resulting in price selling to a new low in the Asian day session. 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 above USD 2,667 with the RSI at or above 48 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,641 will warn that there could be a larger bullish wave cycle in play.
- Technically bearish yesterday, the futures have seen an intraday move lower, despite breaking key resistance on the move higher. We are now trading on the intraday 200-period MA (USD 2,647) with the daily 50-period SMA at USD 2,645, meaning price is on support are whilst in divergence with the RSI. If we close below an hold below the USD 2,645 level, and the divergence fails, then we should in theory move lower. However, at this point, we have a note of caution on downisde moves as the RSI is divergent whilst on support. Note: if we trade below USD 2,641, then the probability of there being a larger, bullish Elliott wave cycle in play will start to decrease.

# Zinc Morning Technical (4-hour)

| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 2,905 | R1 | 2,925 | 2,908 | Stochastic oversold | RSI below 50 |
| S2 | 2,882 | R2 | 2,937 | | | |
| S3 | 2,846 | R3 | 2,948 | | | |

Source Bloomberg

**Synopsis - Intraday**

- Price is below the EMA Support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,925
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum was weak. The futures were now trading in a support area with price having broken the USD 2,967 resistance previously; however, lower timeframe Elliott wave analysis did warn that the recent bull cycle looked to have completed, implying we should move lower. Like yesterday, we noted that we should move lower, but we were in a support zone at that point, which until broken left us more neutral.
- The futures traded blow the polarity support which now looks like it could be acting as a resistance. 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 2,925 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,846 (revised lower in line with a potential larger bull cycle) will support a bull argument, below this level the technical will have a neutral bias.
- Technically  bearish based on price, the MA on the RSI implied that momentum remains weak. Having traded below polarity support, the futures are now testing trend support (USD 2,905), a close below that holds below the trend line will further weaken the technical. Likewise, a close below that holds below the daily 200-period MA (USD 2,916) will leave support levels vulnerable. Downside moves that hold at or above USD 2,846 will warn that there is potentially a larger, bullish wave cycle in play; if broken, the USD 2,772 and USD 2,706.5 fractal support levels on the daily chart will be vulnerable.. We are now at an inflection point, for downside continuation, the futures will need to close below and hold below the trend support line.

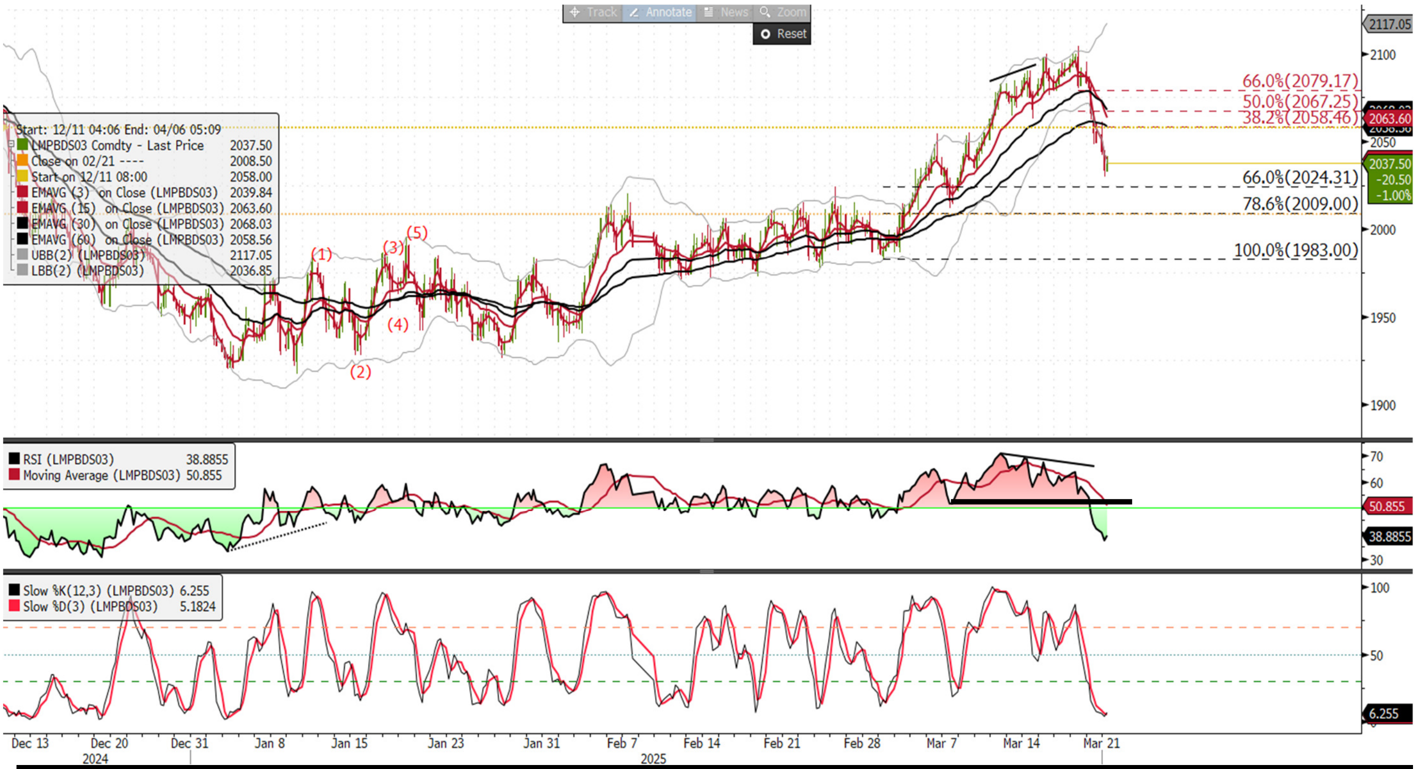
# *Nickel Morning Technical (4-hour)*


| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 16,010 | R1 | 16,251 | 16,170 | | RSI below 50 |
| S2 | 15,763 | R2 | 16,417 | | | |
| S3 | 15,569 | R3 | 16,533 | | | |

**Synopsis - Intraday** Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,251
- Technically bullish but in a corrective phase yesterday, the failure to hold the downside move on the open yesterday morning indicated that the daily 200—period MA is being respected, warning resistance levels are starting to look vulnerable. As noted previously, our Elliott wave analysis did suggest that downside moves should be considered as countertrend, making USD 15,793 the key support to follow. If broken, then the probability of the futures trading to a new low would start to decrease.
- The futures closed on the daily 200-period MA yesterday (USD 16,277); however, price is selling lower again this morning, but remains above the USD 16,055 low from yesterday. We are below the EMA support band with the RSI below 50, intraday price and moment are aligned to the sell side.
- A close on the 4-hour candle above USD 16,251 with the RSI at or above 51 will mean price and momentum are aligned to the buyside. Upside moves that fail at or USD 16,533 will warn that there is further downside within this corrective phase, above this level will warn that the USD 16,780 fractal high could be tested and broken. Likewise, downside moves that hold at or above USD 15,763 will support a longer-term bull argument.
- Technically bullish but in a corrective phase; if we trade below the low of yesterday rejection candle (USD 16,055), then support levels could come under pressure in the near-term, Elliott wave analysis suggests that downside moves look like they could be countertrend, making USD 15,763 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease, implying the wave cycle was not bullish impulse, but potentially part of a larger corrective phase.

# Lead Morning Technical (4-hour)



| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 2,024 | R1 | 2,058 | 2,037.5 | Stochastic oversold | RSI below 50 |
| S2 | 2,009 | R2 | 2,067 | | | |
| S3 | 1,983 | R3 | 2,079 | | | |

Source Bloomberg

**Synopsis - Intraday**

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily point USD 2,066
- Technically bullish but in a corrective phase yesterday, the futures were moving lower on the negative divergence with the RSI, warning support levels could come under pressure in the near-term. However, as noted previously, Elliott wave analysis continued to suggest that downside moves should be considered as countertrend, making USD 2,043 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.
- The futures have sold lower with price breaching the USD 2,043 support. 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 2,066 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,067 will leave the futures vulnerable to further tests to the downisde.
- The futures are bearish based on price having broken fractal support on the move lower. We have however revised our Fibonacci support lower to USD 2,024, as it looks like we marked it too high. If this level is breached, then the probability of there being a larger bull cycle in play will decrease. However, we should note that the downside move has resulted in both price and the RSI breaking support on the move lower, suggesting upside moves could struggle to hold in the near-term. The downisde move today means price is below the daily 200-period MA (USD 2,048), if we close below this level, it will warn of further technical weakness. We should also note that if we are trading around these levels on the close of business, that the weekly candle chart will show a dark cloud cover pattern that has rejected its 50-period SMA (USD 2,082) , warning support levels are vulnerable. Elliott wave aside, this technical look vulnerable to further tests to the downisde, suggesting the bull wave cycle could fail in the coming days.