



# Base Morning Technical Report

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US

(Bloomberg) -- Gold, copper and silver prices are set for an upswing as they typically move inversely to the US dollar, whose bearish outlook is reinforced by the dollar "frown" theory, writes Bloomberg Intelligence analyst Michelle Leung.

Prices of the three metals have shown the strongest negative correlation with the greenback over the past six months, with this inverse relationship driven by interest rates and inflation, which directly impact the currency's value and, in turn, metal prices.

The dollar "frown" theory argues for the greenback's concave relationship with the US economy. As markets continue to doubt the dollar's reserve-currency standing, the bearish outlook is further strengthened. A shift toward de-dollarization could significantly boost gold, copper and silver prices, while a weaker dollar would further amplify commodity values.

## Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	9,582	RSI above 50	
S2	R2			
S3	R3			

### Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (52)
- Stochastic is oversold
- Price is above the daily pivot point USD 9,529
- We were unchanged on the technical a week ago, we remained bearish with a neutral bias. The MA on the RSI was flat, whilst price was consolidating, implying near-term price action was neutral. We maintained a note of caution on upside breakouts above USD 9,664, as price would become divergent with the RSI, warning we could see a momentum slow-down. However, for downside continuation, the futures would need to close and hold below the 200-period MA (USD 9,426). Whilst above the average, resistance levels remained vulnerable.
- The futures have tested the upside but failed to make a new high, meaning price continues to consolidate. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,529 with the RSI at or above 53 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 48.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 8,635 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically we remain bearish with a neutral bias; however, price continues to hold above the 200-period MA (USD 9,358) but below the USD 9,664 fractal high. Price is consolidating whilst the EMA support band implies we lack directional bias. We continue to be cautious on upside breakouts above USD 9,664, as the RSI is likely to be divergent with price, warning buy side momentum could slow above this level. For downside continuation, we need to see a close below the 200-period MA at USD 9,358.

# Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,433	R1	2,445	2,432.5	Stochastic oversold	RSI below 50
S2	2,412	R2	2,458			
S3	2,377	R3	2,497.5			

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 2,445
- We noted previously that the longer-term Elliott wave cycle remained bearish having rejected the USD 2,557 resistance, above this level we had a neutral bias, as the probability of price trading to a new low would start to decrease. The MA on the RSI indicated that we had light momentum support, whilst we remained above the polarity support and 200-period MA (USD 2,468—USD 2,457), for downside continuation the futures would need to close below and hold below the support zone. We continued to have a noted of caution on moves higher due to the upside rejection of the USD 2,557 resistance previously; however, whilst above the support zone, resistance did remain vulnerable. We had linear regression resistance at USD 2,487, a close above that held above this level would warn we could see another test to the upside in the near-term. Price was supported, but we continue to be cautious on moves higher.
- The futures failed to hold above the linear regression line, resulting in price closing below the polarity support (USD 2,468) and selling 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 above USD 2,445 with the RSI at or above 48.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 2,557 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum is weak. The futures are trading on the intraday 200-period MA (USD 2,433), a close below that holds below this level will warn that the USD 2,377 fractal low could be tested and broken. We have breached the USD 2,433 Fibonacci support, meaning we maintain a cautious view on moves higher at this point, as the technical condition is weakening.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,636	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,638
- Technically bearish with a neutral bias previously, the MA on the RSI implied that we had light momentum weakness. The failure to hold above the bearish sloping 200-period MA (USD 2,703) warned that support levels could come under pressure. A move below USD 2,656 would indicate that the pullback was deep, meaning the futures will be back in bearish territory. However, confirmation would come below the USD 2,653 fractal support.
- The futures have sold below the USD 2,653 level, meaning the technical is back in bearish territory. 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 2,638 with the RSI at or above 46.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,752 will leave the futures vulnerable to further tests to the downside. Note: this resistance is back in play due to the move below the USD 2,656 level.
- Technically bearish, the MA on the RSI implies that momentum is weak, whilst the futures are back in bearish territory, meaning we are cautious on moves higher. However, price is now two standard deviations below the linear regression line, meaning we are vulnerable to an intraday move higher in the near-term.



# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,282	R1	15,448	15,435	RSI above 50	Stochastic overbought
S2	15,172	R2	15,690			
S3	14,922	R3	15,855			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,282
- Bearish with a neutral bias on the last report, the inverse head and shoulders pattern failure alongside the rejection on the 200-period MA warned that the Fibonacci support zone was now vulnerable, meaning we were cautious on intra-day moves higher.
- The futures traded to a low of USD 15,000 before finding bid support. Price is below but testing the EMA resistance bad with the RSI near-neutral at 51, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 15,282 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 14,584 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bearish with a neutral bias, the MA on the RSI implies that momentum is supported. The futures are testing the intraday 200-period MA (USD 15,448), meaning price is at an inflection point. Having held above the USD 15,584 support, a close above that holds above the USD 15,448 level will warn that resistance levels could come back under pressure. Conversely, a rejection of the average that is followed by price and momentum becoming aligned to the sell side, will warn of further downside within this phase.

# Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,964	R1	1,94.5			
S2	1,955	R2	2,006			
S3	1,946	R3	2,009			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is above the daily point USD 1,955
- Technically bearish previously, the MA on the RSI implied that momentum was weakening. The divergence failure had resulted in price testing the USD 1,946 support; however, we were yet to trade below it. If we did, then the technical would be back in bearish territory. Due to price selling lower on the negative divergence, we remained cautious on moves higher at that point.
- The futures have sold below the USD 1,946 support, meaning the technical is back in bearish territory. Price is above the EMA support band (by USD 1.00) with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,955 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,006 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are failing to hold below the intraday 200-period MA (USD 1,950), warning there remains an underlying support in the market. The bullish rejection candle on the daily chart yesterday has resulted in price moving higher this morning, meaning the USD 2,006 resistance remains vulnerable at this point. For downside continuation we will need to see a daily close below the USD 1,942 low from Friday.

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