



Base Morning Technical Report

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Zn

(Bloomberg) -- Zinc fell for a second day as a buildup in Chinese stockpiles pointed to tepid demand in the No. 1 consumer of the metal.

Refined zinc inventories in major mainland markets including Shanghai, Guangdong and Tianjin rose 12% in the past month to 73,500 tons as of Monday, according to Shanghai Metals Market data.

Used mainly to galvanize steel, zinc has dropped more than 8% this year, the biggest decline among major metals on the LME. Mined supplies have risen at the same time as China's ongoing property downturn and generally sluggish economy keep a lid on demand.

The front-loading of export orders for zinc products has eased since the middle of June, Chaos Ternary Futures Co said in a note.

Zinc fell 0.9% to \$2,727 a ton on the London Metal Exchange as of 10:50 a.m. in Shanghai. Nickel declined 0.2%, while copper and aluminum were steady.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	9,870	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 (59)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,857
- Unchanged on the technical yesterday, we remained bullish having seen a small intraday pullback due to the RSI rejecting resistance; however, as noted last week, the upside breakout on the high volume candle was supported with expanding volatility, warning there could still be further upside in the very-near-term. For downside continuation, we needed to close below the low of the breakout candle (USD 9,761).
- The futures continue to see light bid support but have yet to trade above the USD 9,917 fractal high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,857 with the RSI at or above 64 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. downside moves that hold at or above USD 9,662 will support a bull argument.
- Technically bullish, the MA on the RSI is showing light momentum weakness. As highlighted previously, the upside breakout on the high volume candle was supported with expanding volatility, warning there could still be further upside in the very-near-term. For downside continuation, we will need to close below the low of the breakout candle (USD 9,761). However, upside moves above USD 9,917 will create a negative divergence with the RSI, not a sell signal it does warn we could see a momentum slowdown, suggesting caution on upside breakouts. We are bullish, but the divergence means we are cautious on moves higher at these levels; however, we are not seeing intraday sell signals at this point, meaning we have a more neutral view today.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,596	R1	2,619	2,598	RSI above 50	Stochastic overbought
S2	2,564	R2	2,628			
S3	2,548	R3	2,630			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,596
- Technically bullish yesterday, the MA on the RSI implied we had light momentum support; however, we had linear regression resistance at two standard deviations above the intraday and daily timeframes between USD 2,623—USD 2,634, suggesting caution on upside moves around these levels. We noted that if we saw a daily close above the weekly pivot level (USD 2,597) it would leave linear regression resistance vulnerable in the near-term. As time expanded, the lower timeframe Elliott wave cycle was becoming less clear; previously, it had suggested that downside move could be countertrend, this was now unclear. If we closed below the low of the last dominant bull candle (USD 2,573.5), then we could see the Fibonacci support zone come under pressure. Likewise, a close that held below the daily 200-period MA (USD 2,564) will warn that sell side pressure was increasing. We were more neutral on this technical, as we are cautious on upside moves, but lacked clarity on downside moves being countertrend.
- The futures remain supported with price remaining above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,596 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,471 will support a bull argument, below this level the technical will be back in bear territory.
- Technically bullish, the MA on the RSI implies we have light momentum support. The futures have closed on the weekly pivot level (USD 2,597), but not above it. If we do close above it, then it will warn that the two standard deviations resistance levels from the daily chart could come under pressure (USD 2,628—USD 2,639), we should note that the heaviest traded area in the last 12 months is at USD 2,630, this is also a resistance level. The technical suggests caution on upside moves around the resistance zone, as they could struggle to hold. A close below the low of the last dominant bull candle (USD 2,573.5) will warn that buyside pressure is decreasing, whilst a close below the intraday linear regression support (USD 25,64—this is also the daily 200-priod MA) will imply that sell side pressure is increasing, meaning the Fibonacci support zone could come under pressure.

Zinc Morning Technical (4-hour)



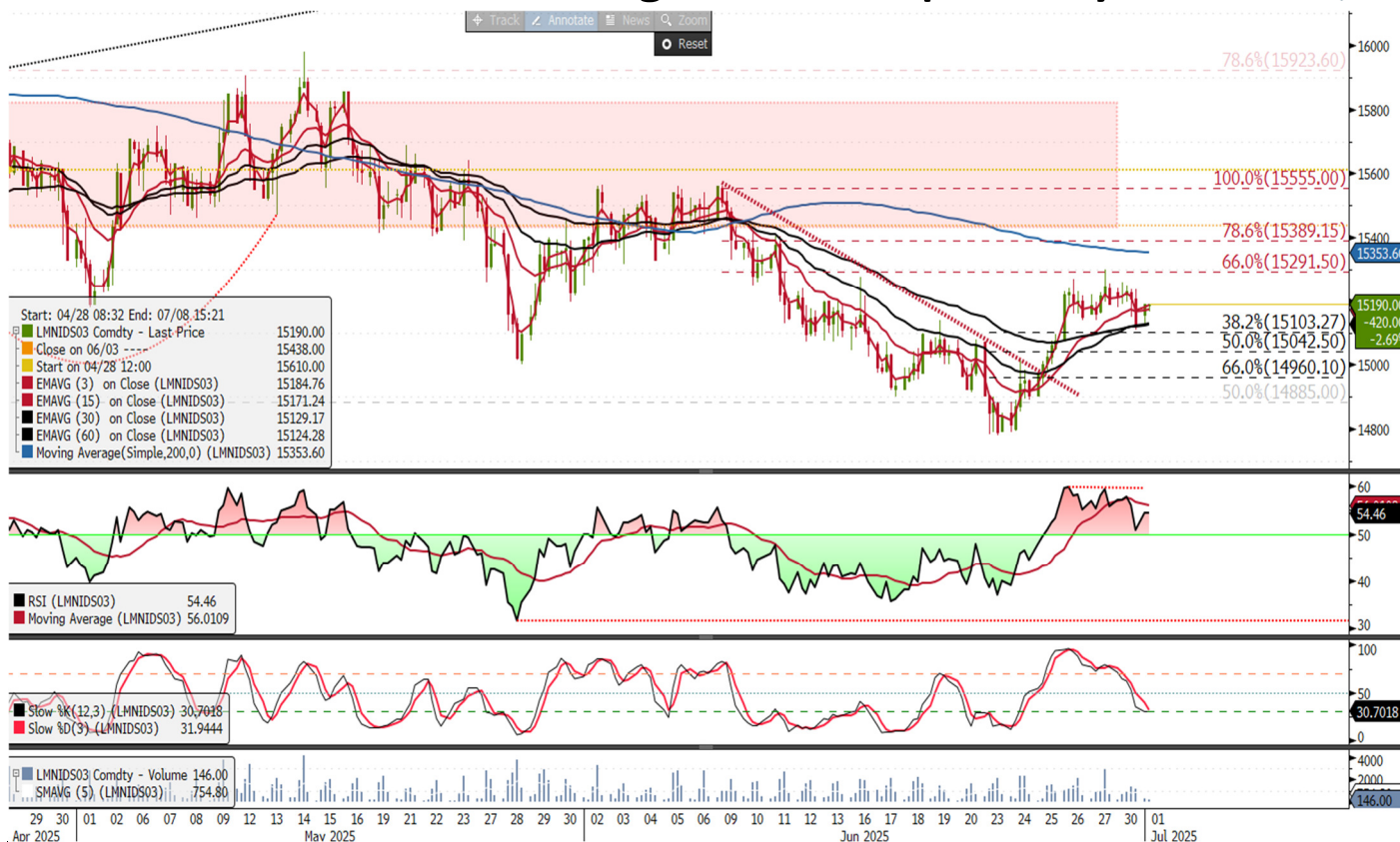
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,723.5		Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,759
- Near-term price action was bullish yesterday; however, the new high meant that the RSI was in divergence with price, meaning we remained cautious on moves higher at those levels in the near-term, as price was vulnerable to a technical pullback. However, as noted previously, with both the 4-and-1-hour timeframes making new highs, the technical suggested that downside moves had the potential to be countertrend.
- The futures have entered a corrective phase on the back of the negative divergence with the RSI. We are between the EMA support band with the RSI near-neutral at 51, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,759 with the RSI at or above 66 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,671 will support a bull argument, whilst upside moves that fail at or below USD 2,831 will leave the futures vulnerable to further tests to the downside, above this level the higher timeframe Elliott wave cycle will have a neutral bias.
- Price action remains bullish but in a corrective phase, whilst the MA on the RSI indicates that momentum is weakening. Lower timeframe Elliott wave analysis is warning that downside moves have the potential to be countertrend in the near-term, making USD 2,671 the key support to follow. A move below this level will indicate that the probability of the futures trading to a new high will start to decrease. The futures are testing the top of the Fibonacci support zone (USD 2,719), whilst we have two standard deviation support below the linear regression line at (USD 2,716), suggesting we are overextended to the downside in the near-term, leaving the futures vulnerable to an intraday move higher. If we close and hold above the intraday linear regression line (USD 2,763), it will indicate that buy side pressure is increasing, warning the USD 2,785 fractal high could come under pressure. Conversely, a rejection of the USD 2,763 level will imply that there is further downside within this corrective phase.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,103	R1	15,195	15,190	RSI above 50	
S2	15,042	R2	15,291			
S3	14,960	R3	15,389			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is below the daily pivot point USD 15,195
- Technically bullish yesterday, the new high meant that the futures were in divergence with the RSI, warning we are now vulnerable to an intraday pullback, making USD 14,960 the key support to follow. As noted previously, the downside corrective Elliott wave cycle looks to have completed, implying moves lower had the potential to be countertrend; however, if we did trade below USD 14,960, it would warn that the probability of the futures trading to a new high would start to decrease. A cautious bull, the divergence warned that intraday support could come under pressure.
- The futures sold to a low of USD 15,110 yesterday before seeing bid support on the open this morning. 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 15,195 with the RSI at or above 58.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 14,960 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the futures have entered a corrective phase, the MA on the RSI implies that momentum has weakened with price moving lower on the intraday divergence. We continue to be cautious on upside moves in the near-term; however, with bearish wave cycle looking like it has completed, the technical suggests that downside moves could be countertrend, making USD 14,960 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high has started to decrease, meaning the technical condition is weakening.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,035	R1	2,044	2,040.5	RSI above 50	
S2	2,026	R2	2,064			
S3	1,999	R3	2,082			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is above the daily point USD 2,044
- Technically bullish yesterday, the MA on the RSI is implied we had light momentum weakness, whilst a move above the USD 2,049.5 fractal high would create a negative divergence with the RSI. Not a sell signal, it warned that upside breakouts could struggle to hold in the near-term. However, as noted previously, the previous divergence failure warned that downside moves had the potential to be countertrend, making USD 1,997 the key support to follow. If broken, then the probability of price trading to a new high would start to decrease.
- The Futures traded to a high of USD 2,053 before entering a small corrective phase. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,044 with the RSI at or above 63 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,035 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have moved lower on a negative divergence with the RSI, meaning we are now cautious on moves higher at this point. Below USD 2,035 the probability of price trading to a new high will start to decrease, whilst below USD 2,026 the intraday technical becomes bearish. However, corrective moves lower that hold at or above USD 1,999 will imply that there remains a larger bull cycle is in play.