



Base Morning Technical Report

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News

(Bloomberg) -- BHP Group's full-year underlying profit fell by more than a quarter to its lowest level since the pandemic, broadly in line with market expectations, as prices of its key earners — iron ore and coking coal — came under pressure from softer Chinese demand.

The world's largest miner sold iron ore at prices 19% lower than a year ago in the year to June 30 amid a sputtering China property sector and plentiful global supply, and steelmaking coal was down nearly a third. While its key growth commodity — copper — helped buffer the impact, it posted a \$4.4 billion slide in annual revenue on Tuesday.

BHP warned an ongoing global trade war could weigh further on iron ore in the near term, even as high-grade deposits of the steelmaking material wane in its key Pilbara mining region in Western Australia. But it also provided some optimism for the market, pointing to resilience in Chinese steel exports that helped shares climb as much as 1.7% in morning trade in Sydney.

"The sectors of the Chinese economy that have performed most strongly have been those that are metals intensive. Demand for iron ore, demand for copper, has remained pretty strong," Chief Executive Officer Mike Henry told Bloomberg Television. BHP expects China to "remain reasonably strong for the next six months and then build momentum into the next calendar year," he added.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	9,718	R1	9,749	RSI below 50
S2	9,671	R2	9,831	
S3	9,634	R3	9,880	

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,749
- Technically bearish with a neutral bias yesterday, the probability of the futures trading to a new low had started to decrease. The RSI was neutral whilst price was in the EMA resistance band, which was flat, implying a lack of directional bias. The MA on the RSI did indicate that momentum was weak; however, we were trading on the 200-period MA (US 9,767), meaning we are at an inflection point. The technical was neutral, a close that held above the linear regression line (USD 9,816) would indicate that buy-side pressure is increasing; conversely, below USD 9,718 the technical will be in bearish territory (correction USD 9,671), warning the USD 9,571.5 fractal low could come under pressure.
- The futures sold down to the USD 9,718 Fibonacci support before seeing a small move higher. We remain between the EMA resistance band with the RSI near neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,749 with the RSI at or above 52 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 9,671 will support a bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the MA on the RSI is now flat, implying sell side momentum is slowing. The futures are holding the USD 9,718 Fibonacci support; this is also a polarity support area (highlighted), and two standard deviations below the linear regression line, meaning we are cautious on downside moves at this point. For upside continuation, the futures will need to close and hold above the intraday 200-period MA (USD 9,769). The RSI alongside price and momentum are neutral; however, due to the polarity and linear regression support, price is vulnerable to an intraday move higher if it can close above the USD 9,769 level.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,576	R1	2,592	2,581.5	Stochastic oversold	RSI below 50
S2	2,564	R2	2,638			
S3	2,542	R3	2,664.5			

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 2,592
- We remained beraish with a neutral bias; however, the double top formation was supported by the MA on the RSI, implying that momentum was weak. A move below the USD 2,582 would indicate that sell side pressure was increasing; if broken, the futures would still need to trade below the USD 2,576 Fibonacci support. If we did, then the technical would be back in bearish territory. We were seeing signs of weakness in the market with price below the intraday 200-period MA (USD 2,601); if we held below this level, then it would further support a seller's argument. Conversely, if we closed above the USD 2,582 level and closed above the longer-term average, market sellers should act with caution. USD 2,576 was the key support to follow as it would confirm the double top (M-pattern) breakout.
- The futures have traded just below the USD 2,582 fractal support. 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 2,592 with the RSI at or above 49 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,576 will support a near-term bull argument, if broken, the technical will be back in bearish territory.
- Bearish with a neutral bias, the MA on the RSI implies that momentum is weak. Price is now breaching the USD 2,582 fractal support, but remains above the USD 2,576 level; if broken, it will put the technical back in bearish territory, whilst confirming the M-pattern breakout. We continue to see signs of weakness with price now below the 200-period MA (USD 2,601), we maintain our view that USD 2,576 is the key support to follow.

Zinc Morning Technical (4-hour)



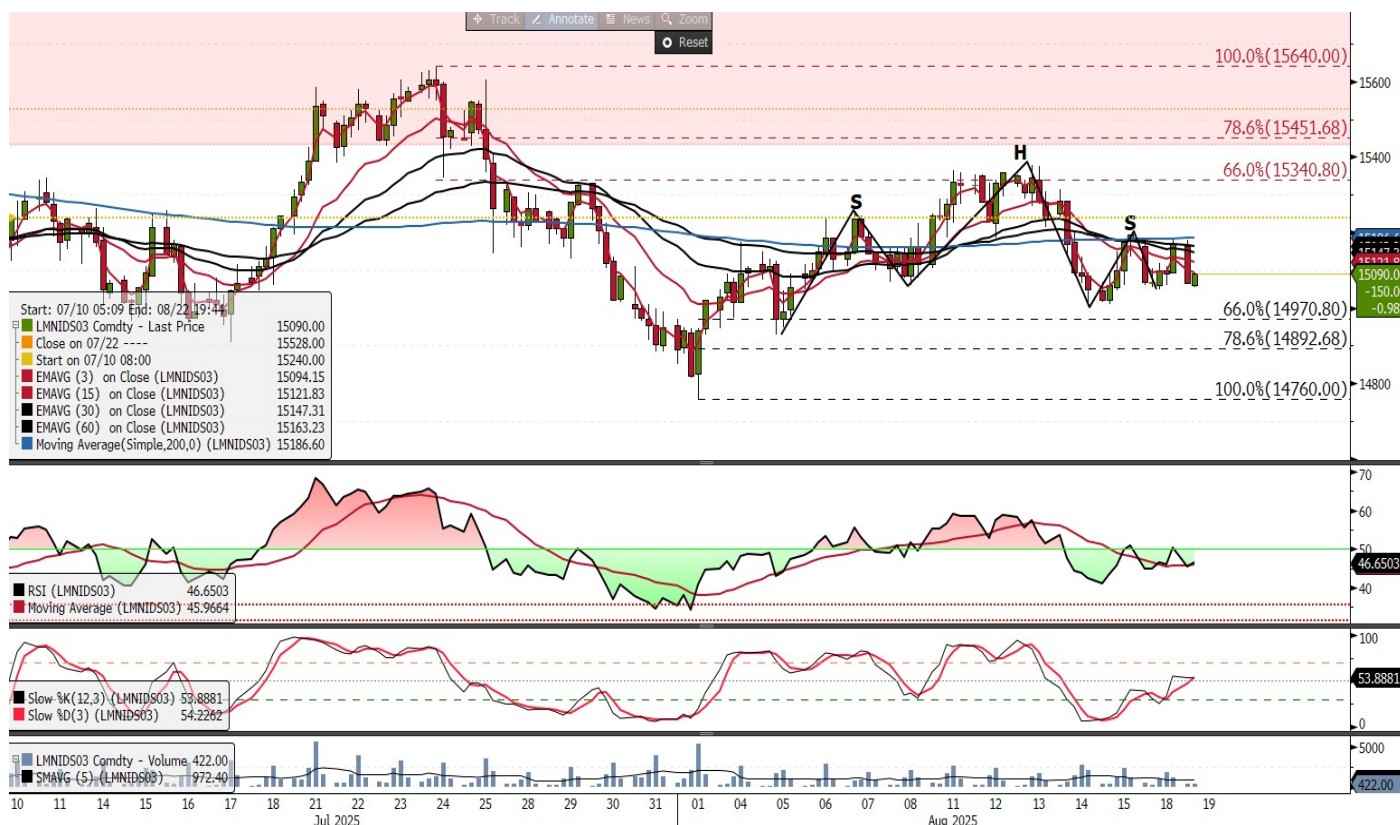
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,770	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,785
- We remained bearish with a neutral bias yesterday. The MA on the RSI implied that momentum was weak, whilst we had a series of three intraday peaks that had been followed by a move lower. This wasn't a head and shoulders pattern (in a classic sense), as the right shoulder was higher than the left. However, the right shoulder was supported by higher volume on the downside breakout, warning the intraday – 200 period MA (USD 2,771) could come under pressure. This average had acted as support for the previous eight weeks, making it a key focal point on the technical, if it held, then resistance levels remained vulnerable; conversely, a close that held below the average would indicate that sell side pressure was increasing. Countering this, the futures were in the process of rejecting the daily 200-period MA. The linear regression had created a rising channel; however, the structure of this upside move that started in April was looking more like a 3-3 wave pattern, suggesting it was not bullish impulse. Based on this, alongside the failure to hold above the longer-term daily average, we continued to be cautious on upside moves at that point.
- The futures have sold lower with price now trading on the intraday 200-period MA (USD 2,772). We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,770 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,760 will support a bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the MA on the RSI implies that momentum is weak. The futures are now trading on the intraday 200-period MA, whilst we have key support at USD 2,760, and linear regression support at USD 2,759 (2 standard deviations below), meaning we are at an inflection point. We are cautious on moves lower today; however, if we close and hold below the longer-term average, and breach the USD 2,760 level, it will indicate technical weakness, suggesting the linear regression should be run from the USD 2,854.5 fractal high. We maintain our view that the structure of this upside move that started in April was looking more like a 3-3 wave pattern, suggesting it was not bullish impulse.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,005	R1	15,127	15,090		RSI below 50
S2	14,970	R2	15,195			
S3	14,892	R3	15,340			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is below the daily pivot point USD 15,127
- Technically we are bearish with a neutral bias yesterday, meaning the probability of the futures trading to a new low had started to decrease. We noted that there was a conflict on the technical, as we had a 'potential' bearish head and shoulders pattern coming into play (highlighted), countering this, we look to have (previously) completed the downside Elliott wave cycle. If we broke the USD 15,005 level, then the H&S pattern would be in play; however, if we hold the USD 14,970 Fibonacci support and moved higher, then we have a corrective 3-wave pattern that was in line with the Elliott wave completion. The MA on the RSI implied momentum weakness, below USD 15,005 we will have an intraday positive divergence in the RSI, warning sell side momentum could slow. The conflicting signals suggest neutrality; until the technical told us differently, we would continue to maintain a cautious view on corrective moves lower due to our Elliott wave analysis previously.
- The futures moved higher yesterday but rejected the intraday 200-period MA on the open this morning (USD 15,186). We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 15,127 with the RSI at or above 48 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 43.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 14,970 will support a bull argument.
- Bearish with a neutral bias, the MA on the RSI is flat, implying sell side momentum is slowing. The technical continues to conflict, as the bearish wave cycle looks to have completed, whilst below USD 15,005 the RSI will be in divergence. However, there still remain a 'potential' bearish head and shoulders pattern in play at this point. The rejection of the 200-period MA does warn of weakness, but the move looks to be on lower volume on the market open, it is yet to be seen if the move lower will hold. Neutral due to the conflict, we maintain a note of caution on downside moves due to price being divergent below USD 15,005, alongside our previous Elliott wave analysis.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,983		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below 50
- Price is below the daily point USD 1,974
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak. We previously noted that the downside Elliott wave cycle looked to have completed; however, the rejection of the 200-period MA alongside the depth of the pullback warned that the USD 1,956 fractal low was vulnerable.
- The futures found light bid support yesterday, resulting in a small move higher. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,974 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play. We noted that this resistance was back in play due to recent move lower being deep into the last bull wave.
- Technically bearish, the MA on the RSI is now flat implying sell side momentum has slowed. We noted previously that our bearish Elliott wave cycle looked like it may have completed, however, the depth of the pullback suggested that support levels are still vulnerable. We are seeing bid support in the market on higher than average volume; however, with the technical conflicting, we have a neutral view.

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