



Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

China

(Bloomberg Economics) -- China's economic momentum slowed further in the first half of August from July, according to our high-frequency index with data through the week of Aug. 15. Softer demand indicators dragged the headline index, outweighing the acceleration in energy and steel output.

The index came in at -6.5 for the week ended August 15, compared to -3.5 at the end of July. A negative reading means momentum is weaker than the 2024 average.

Demand data, including both internal (new home sales, retail car sales, appliance sales) and external indicators, have weakened.

On the production side, energy and steel output likely picked up. But construction activity may have slowed, as reflected in higher steel rebar inventories.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	9,830	RSI above 50	Stochastic overbought
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 overbought
- Price is above the daily pivot point USD 9,771
- We noted on Thursday that the breach in the USD 9,671 level previously meant that the technical was back in bearish territory. The rising linear regression channel that started on the 31/07 had held support at two standard deviations below the line, whilst the falling linear regression channel that started on the 12/08 was acting as a resistance two standard deviations above its line. Although bearish, the technical lacked clarity; this was highlighted by the sideways price action on the weekly chart. In theory, support levels were vulnerable, for upside continuation, the futures would probably need to close and hold above the weekly pivot level (USD 9,782), whilst below this level we had a note of caution on higher moves. We had a more neutral view at that point.
- The futures created a small double bottom support on Thursday having held above the USD 9,671 level. We remained neutral on the close report but noted that for downside continuation we were going to need to see a dominant candle close below the USD 9,670.5 level. Having held above the USD 9,670.5 level, the futures have moved higher with price breaking key resistance (USD 9,831), meaning price is back in bullish territory. We are 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 9,771 with the RSI at or below 49 will mean price and momentum are 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.
- Technically bullish, the MA on the RSI implies that momentum is supported; the upside move above USD 9,831 would suggest that the probability of the futures trading to a new low has started to decrease, whilst the candle break above the 200-period MA (USD 9,768) was on high volume, indicating bull support. The RSI is currently at resistance, meaning we are vulnerable to an intraday pullback in the near-term; however, the MA support on the RSI, and the high volume candle above the 200-period MA, are supported by the move above the USD 9,831 level, meaning we are cautious on corrective moves lower at this point.

Aluminium Morning Technical (4-hour)



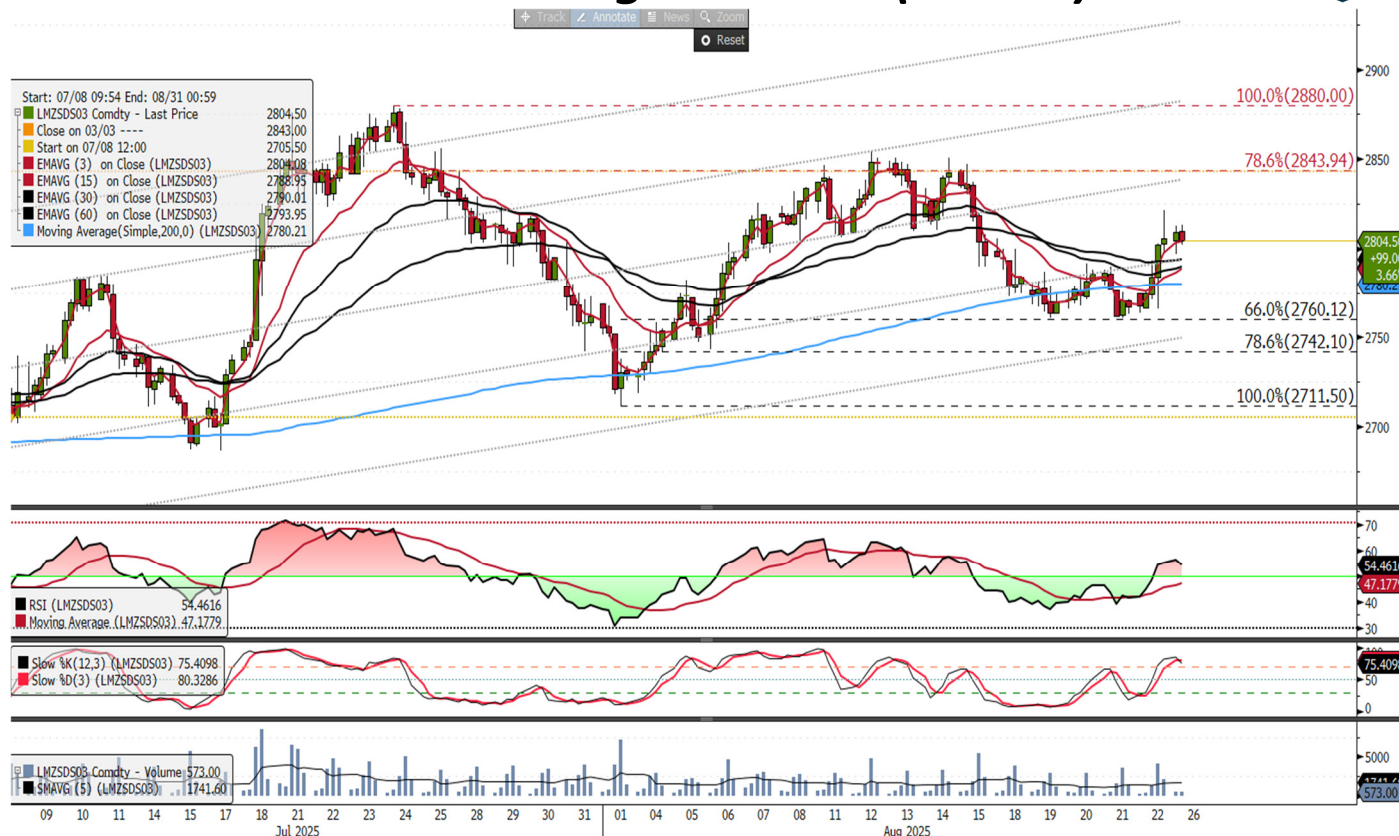
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,616	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,610
- Technically bearish on the last report, we noted that the upside move previously was on above higher than average volume. However, with price entering back into bearish territory, whilst momentum indicators were making new lows alongside price, we maintained our view that upside moves should be considered as countertrend at that point. If we did trade above the USD 2,612 resistance, then the probability of the futures trading to a new low would start to decrease.
- We failed to mark the daily 200—period MA on the last report (currently USD 2,564) which has acted as a support on the higher timeframe, resulting in the USD 2,612 resistance being broken. We are 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 2,610 with the RSI at or below 48.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,581 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, we had been expecting one more wave lower; however, the daily 200-period MA has taken precedent, resulting in a high volume candle above the intraday 200-period MA (USD 2,602). The move above USD 2,612 means that the probability of the futures trading to a new low has started to decrease, whilst the high volume candle above the 200-period MA implies price action support. The MA on the RSI also indicates that we have momentum support, with the RSI also breaking resistance, suggesting intraday moves lower have the potential to be countertrend at this point. The wave cycle had suggested another move lower, price and momentum indicators now suggest otherwise, meaning we have a note of caution on downside moves at this point.

Zinc Morning Technical (4-hour)



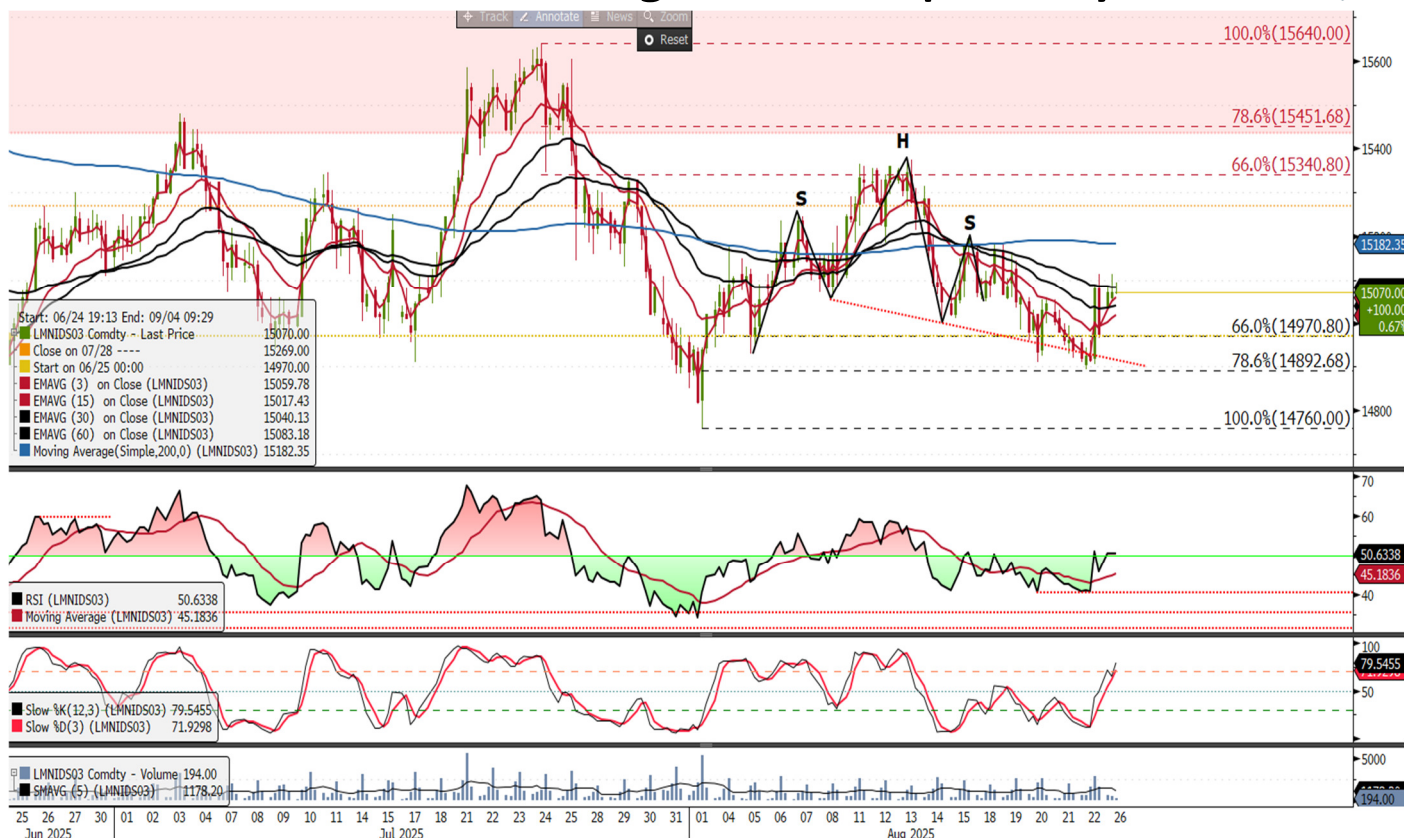
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,804.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,801
- Bearish with a neutral bias on Thursday, the futures had seen a small move higher with price approaching the EMA resistance band. We were holding above the USD 2,760 level with price above the 200-period average, the MA on the RSI implied that we were seeing light momentum support. However, the recent move lower had seen price and the RSI make new lows, suggesting upside moves had the potential to be countertrend, whilst the longer term structure on the technical did not look bullish impulse. For this reason, we maintained a cautious view on intraday upside moves at this point.
- The intraday upside move failed to hold resulting in the futures trading to a low of USD 2,760.5, creating a positive divergence with the RSI; this was followed by a move higher. We are above all intraday moving averages supported by the RSI above 50, price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,801 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell 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.
- We remain bearish with a neutral bias; however, we are seeing conflicting signals. The downside move has held the USD 2,760 level, supporting a near-term buyer's argument, whilst the MA on the RSI implies momentum is supported. Countering this, the futures have found resistance at the daily 200-period MA (USD 2,818), resulting in the futures seeing an intraday pullback to the daily pivot level. We noted previously that the longer-term structure on the technical did not look bullish; if we close and hold above the USD 2,818 level, it will warn that the USD 2,880 fractal resistance could come under pressure, and potentially the weekly 200-period MA at USD 2,948. Conversely, if we close and hold below the intraday 200-period MA (USD 2,780), it will indicate that sell side pressure is increasing, leaving support levels vulnerable. The holding of the USD 2,760 level is a warning, but until we close and hold above the daily 200-period MA, we will continue to have a note of caution on upside moves.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,036	R1	15,182	15,044		Stochastic overbought
S2	14,970	R2	15,340			
S3	14,915	R3	15,451			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,036
- Unchanged on the technical on Thursday, we remained in bearish territory; however, at that point we were failing to hold below the H&S neckline, having seen light bid support on the positive divergence with the RSI. Our wave analysis indicated that the bearish wave cycle may have completed, but the move below USD 14,970 had been deeper than expected, meaning we maintained a neutral view.
- The futures failed to hold below the neckline breakout with price moving higher on another positive divergence with the RSI. We are between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 15,036 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 15,340 will leave the technical vulnerable to further tests to the downside, above this level it will have a neutral bias.
- Technically bearish, the MA on the RSI implies that we have momentum support. The futures are moving higher on a second positive divergence having failed to hold below the H&S neckline breakout. The RSI is neutral with price between the EMA resistance band, whilst the move below USD 14,970 was deeper than expected, meaning the technical continues to have a neutral bias. However, the divergences and failure to hold below the H&S neckline, alongside our wave analysis warning that the downside move has potentially completed. Although neutral, we are cautious on lower moves at this point.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,004	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily point USD 1,987
- Technically bearish last week, the futures were in the process of rejecting the EMA resistance band, warning that the USD 1,965—USD 1,956 fractal support levels remained vulnerable. However, we continued to be cautious on downside breakouts as price was in divergence, suggesting they could struggle to hold.
- The futures sold to a low of USD 1,967 before moving higher on the positive divergence with the RSI. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,987 with the RSI at or below 48 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.
- Technically bearish, the MA on the RSI implies that momentum is supported. The futures are now trading above the daily 200-period MA (USD 1,993), a close that holds above this level will warn that resistance levels could come under pressure. If we close and hold above the intraday 200-period MA (USD 2,008), and breach the USD 2,012 level, then the probability of the futures trading to a new low will start to decrease. Price is moving higher on a positive divergence, the RSI is at resistance whilst approaching the intraday 200-period MA, meaning we could be vulnerable to an intraday pullback in the near-term, making USD 1,993 the key level to follow. If we hold above this level, it will suggest there is an underlying support in the market.