



# Base Morning Technical Report

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Zn

(Bloomberg) -- Chinese zinc producers are preparing to sell the metal overseas, as a rare trading opportunity opens up after a spike in international prices.

Zinc in London has marched higher since April, but in Shanghai it's been bumping along close to its recent lows. The disconnect speaks to a two-speed sector, pitting growing output and relatively weak demand in China against a global market where smelters have cut production and stockpiles are thinning.

Cash prices on the London Metal Exchange have surged above futures, signaling a growing shortage in western markets. The market's backwardation, which points to near-term tightness, is at its most extreme in three years.

# Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	10,734	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 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 10,721
- Technically bullish but in a corrective phase on Friday, the MA on the RSI implied that we had light momentum weakness. The futures were selling lower due to the negative divergence with the RSI, which had created a high volume rejection candle. Downside moves below USD 10,730 would indicate that the lower timeframe Elliott wave cycle had a neutral bias, warning the probability of price trading to a new high within this phase of the cycle would start to decrease, suggesting we could be entering a higher timeframe corrective phase. Conversely, whilst above this level, resistance would remain vulnerable. Higher timeframe Elliott wave cycles continued to suggest that downside moves should be considered as countertrend. The divergence and the high volume rejection candle meant that we are cautious on upside moves in the near-term, making USD 10,730 the key support to follow.
- The futures sold to a low of USD 10,326 on Friday before finding bid support on Monday, taking us back to Thursday mornings levels. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 10,721 with the RSI at or below 65 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 10,285 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum remains weak, whilst the move below the USD 10,591 level means we have entered the higher time frame corrective phase; however, our wave analysis suggests that downside moves should be considered as countertrend. The corrective move has held above the USD 10,285 support, whilst the strength of the move higher on Monday is warning we could be entering the higher timeframe bullish Elliott wave 5, warning the USD 11,000 fractal high is starting to look vulnerable. If broken, it confirms the wave 5, indicating we have a potential upside target for this phase of the cycle at USD 11,208. Conversely, below USD 10,285 the probability of the futures trading to a new high within this phase of the cycle will start to decrease.

# Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,760	R1	2,795	2,771	RSI above 50	
S2	2,739	R2	2,802			
S3	2,718	R3	2,850			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,760
- Technically bullish on Friday, the future had closed below the low of the last high volume dominant bull candle (USD 2,778), implying buyside pressure was easing, whilst price was back below the two standard deviation line (USD 2,787). Elliott wave analysis continued to suggest that downside moves should be considered countertrend, making USD 2,689 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease. Although bullish, the move lower on the Asian open warned that support levels could come under pressure in the near-term.
- The futures sold to a low of USD 2,736 before finding light bid support on Monday. 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 2,760 with the RSI at or above 61 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,689 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI implies momentum remains weak. Elliott wave analysis continues to suggest that downside moves are considered as countertrend, making USD 2,689 the key support to follow, below this level the probability of the futures trading to a new high will start to decrease. Bullish, the momentum weakness is warning that there could still be further downside within this corrective phase.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,009.5		
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,016
- Due to the move higher previously we had to tweak the Elliott wave cycle on Friday. The lower timeframe cycle was bullish but with a neutral bias, warning the probability of the futures trading to a new high within this phase of the cycle had started to decrease, below USD 2,980.5 the futures would be bearish based on price, indicating the lower timeframe cycle had completed. However, there was a larger bull Elliott wave cycle in play, implying downside moves should still be considered as countertrend, making USD 2,929 the key support to follow. The high volume rejection candle on the negative divergence warned that support levels were looking vulnerable in the near-term.
- The futures traded below the USD 2,980.5 level, meaning the technical is bearish based on price. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,016 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,836 (revised lower) will support a bull argument, below this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies momentum weakness. The futures are selling lower on a negative divergence with the RSI, supported by a high volume rejection candle. The futures look to have completed an Elliott wave 5 of a higher timeframe wave 3 (there is still a larger bull cycle in play above this on the higher timeframe), meaning we have moved Fibonacci support lower. Elliott wave analysis suggests that downside moves should be considered as countertrend, making USD 2,836 the key support to follow, below this level the probability of the futures trading to a new high within this phase of the cycle. We remain cautious on upside moves, as the technical and the wave cycle suggest that they could struggle to hold.



# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,076	R1	15,233	15,115	Stochastic is oversold	RSI below 50
S2	14,928	R2	15,301			
S3	14,740	R3	15,362			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is at 50
- Price is below the daily pivot point USD 15,233
- The upside rejection on a high volume candle previously has resulted in price trading back into the ascending triangle pattern on Friday, meaning the technical continued to have a neutral bias. Below USD 15,285 the futures would be bearish based on price, whilst a close that held below the trend support line (USD 15,225) will indicate technical weakness, warning support levels could come under pressure.
- The futures have broken the ascending triangle to the downside, resulting in price entering 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 15,233 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 15,443 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 failed upside breakout of the ascending triangle on the negative divergence has resulted in bullish pattern failure. The downside move is supported by the RSI making new lows, suggesting upside moves should now be considered as countertrend.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,979	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is above the daily point USD 1,999
- Technically bullish on Friday, the MA on the RSI implied that momentum was supported whilst price continued to hold outside of the symmetrical triangle. We were seeing indecision in the market, highlighted by the long legged Doji's, suggesting caution. We noted that upside moves above the USD 2,034—USD 2,035 fractal resistance zone would create a negative divergence in the market; not a sell signal it warned that we could see a momentum slowdown, which needed to be monitored. Conversely, a close back below the trend support line (USD 2,008) will put price back into the symmetrical triangle, signalling the futures would be in neutral territory. The Doji's and potential divergence above USD 2,034 meant that we were a cautious bull.
- The futures have entered a corrective phase with price below trend support (USD 1,988), as well as the intraday and daily 200-period MA's (USD 1,996—USD 1,990), the technical is now bearish. We are below the EMA support band (soon to be resistance) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,999 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,022 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 failed upside breakout from the symmetrical triangle is supported by the RSI making new lows, suggesting upside moves should be considered as countertrend. A daily close that holds below the daily 200-period MA (USD 1,990) will weaken the technical further.