



Base Morning Intraday Note

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Copper

Copper Extends Declines as Hawkish Fed Hits Demand Prospects the futures fell for a second day as the Federal Reserve signalled interest-rate hikes may be more aggressive than expected, hitting broad market sentiment and clouding the demand outlook for commodities (Bloomberg). However, Jeff Currie the Global head of commodity research at GS has just been on T.V saying he is broadly bullish commodities in what he believes is a super cycle that could go on for years. Support levels failed to hold yesterday resulting in intraday price and momentum becoming aligned to the sell side, the futures are now trading below the 60 period EMA with price looking to test the intraday fractal support at USD 9,597.5, below this level the intraday technical is bearish. The daily technical remains in bull territory having recently made a higher high; corrective moves that hold at or above USD 9,365 will support a bull argument, below this level the technical is neutral/bullish, only below USD 9,135 is the daily technical bearish. Upside moves on the 4-hour candle that close above USD 9,713 with the RSI at or above 57 (currently 46) would mean intraday P&M are aligned to the buy side. Upside moves that fail at or below USD 9,739 remain vulnerable to further tests to the downside, above this level the futures will target the USD 9,766 and USD 9,812 resistance. Support is at USD 9,597.5, USD 9,553, and USD 9,473.

Aluminum

A stable trend coupled with comments of a supply deficit from MS yesterday resulted in the futures breaking resistance, the futures traded to a high of USD 2,938.5 before pulling back on the hawkish Fed comments. Intraday P&M are aligned to the buy side; however, the upside move has created a negative divergence with the RSI, not a sell signal it is a warning that we have the potential to see a momentum slowdown. Downside moves on the 4-hour candle that close below USD 2,891 with the RSI at or below 63 (currently 63) will mean P&M are aligned to the sell side. Corrective moves lower that hold at or above USD 2,832 will support a bull argument, below this level the intraday technical is neutral/bullish whilst below USD 2,777 the technical is bearish. Resistance is at USD 2,923, USD 2,964, USD 3,014 with support at USD 2,891, USD 2,876, and USD 2,857.

Zinc

It is a similar story across the board for base metals with price coming under pressure on the back of the Fed comments. Having initially moved higher price closed near its low, the Asian open did see a test to the upside with price testing but failing to trade above the daily pivot at USD 3,585, resulting in a strong downside move in the late Asian session/early European session. Intraday price and momentum are aligned to the sell side, downside moves that hold at or above USD 3,524 will support a bull argument, below this level price is neutral/bullish, below USD 3,479.5 it is bearish. Upside moves on the 4-hour candle that close at or above USD 3,585 with the RSI at or above 62 (currently 55) would mean P&M are aligned to the buy side. The 4-hour longer period EMA's remain stable with the RSI and its MA above the 50-line suggesting the market remains supported. Resistance is at USD 3,585, USD 3,608, USD 3,611 with support at USD 3,524, USD 3,507, and USD 3,479.

Nickel

Nickel retreated from its highest closing price in almost a decade as the spread of the omicron virus variant hurts the demand outlook for industrial metals (Bloomberg). The futures have made a lower low meaning the intraday technical is bearish, intraday P&M are aligned to the sell side with the RSI dipping below 50. A close below USD 3,556 on the daily technical will warn that momentum is weakening based on price, warning the futures are entering into a corrective phase. Upside moves that close on the 4-hour candle above USD 20,753 with the RSI at or above 61 (currently 47) will mean P&M are aligned to the buy-side, however corrective moves that fail at or below USD 20,858 remain vulnerable to further tests to the downside. Resistance is at USD 20,608, 20,753, USD 20,858 with support at USD 20,286, USD 20,183 and USD 19,900.

Lead

Like the rest of the base sector the futures came under pressure in the U.S. session resulting in intraday P&M being aligned to the sell side. Price has now made a lower low meaning the intraday technical is bearish; however, price remains in a range between USD 2,344.5—USD 2,246, downside moves below USD 2,246 will create a lower low on the daily technical. Upside moves on the 4-hour candle that close at or above USD 2,295 with the RSI at or above 52 (currently 43.5) will mean P&M are aligned to the buy-side. Resistance is at USD 2,287, USD 2,295, USD 2,301 with support at USD 2,257, USD 2,247, and USD 2,237.