



Base Morning Intraday Note

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Copper

China, the world's largest refined copper producer, boosted output of the metal in December as smelters ramped up activity to meet annual production targets, according to a Shanghai Metals Market survey of smelters (Bloomberg). The futures rallied into the U.S. close with price trading above the previous day's high, intraday day price and momentum are aligned to the buy side with the futures trading lower on the Asian open. Downside moves that close on the 4- hour candle below USD 9,625 with the RSI at or below 48.5 (currently 51) would mean price and momentum are aligned to the sell side. The intraday technical remains bearish based on a lower low; however, the downside move on the daily chart held above the USD 9,350 support, keeping the higher time frame technical in bullish territory. The upside move is now deep into the last bear wave meaning there is a neutral bias in the market, above USD 9,785.5 the futures will have made a higher high, meaning the technical will be bullish. Resistance is that USD 9,785.5, USD 9,812, USD 9,965 with support at USD 9,625, USD 9,451, and USD 9,350.

Alu

The futures corrected on Friday trading to a low of USD 2,898, price opened higher on the Asian session with the futures now above the daily pivot point (USD 2,930). The trend remains technically bullish but intraday price and momentum are now conflicting, upside moves that close above USD 2,930 with the RSI at or above 68.5 (currently 64.5) would mean price and momentum are aligned to the buy side. Likewise, a close below this level would mean P&M are aligned to the sell side. Intraday moving averages remain stable and well-spaced supporting a bull trend, the upside move is attributed to ballooning energy costs which have forced smelters including Aluminium Dunkerque Industries France and Alcoa Corp.'s Spanish plant to reduce output, further tightening a market where inventories are already almost the smallest since 2007. More than 590,000 tons of production capacity have now been curtailed in the European Union, according to CRU Group (Bloomberg). Downside moves below USD 2,877 will create a lower low in the market, from an intraday perspective this would mean the technical is bearish; however, the daily technical remains bullish above USD 2,777.5. Resistance is a USD 2,980, USD 3,014, and USD 3,035 with support at USD 2,930, USD 2,898, and USD 2,877.

Zinc

SHANGHAI, Jan 10 (SMM) The hawkish speech at the FOMC meeting of the Federal Reserve last week pointed out that a stronger economy and rising inflation may lead to an earlier and faster-than-expected interest rate hike. The fundamentals will still give strong support to zinc prices. The natural gas supply issues in Europe have not been resolved and the European electricity prices rebounded recently. The costs at smelters can still provide strong support for zinc prices. The market needs to pay attention to the talks between the United States and Russia during January 10-12, which may have an impact on whether the Nord Stream 2 project could be passed. LME zinc prices are expected to remain strong in the near term and move between \$3,470-3,660/mt. Price moved higher on Friday's open but intraday price and momentum were left conflicting, a downside move into the U.S. close resulted in intraday price and momentum becoming aligned to the sell side. A small upside move on the open has failed to hold above the daily pivot point leaving price testing the 4-hour moving average support, these remain well spaced but are starting to flatten. The RSI is at 50 but the stochastic is nearing oversold levels, if the RSI can hold above 50 then momentum will be vulnerable to a test to the upside. Upside moves on the 4- hour candle that close above USD 3,206 with the RSI at or above 58 (currently 51.5) would mean price and momentum are aligned to the buy side, the intraday technical is bullish/neutral, however the daily technical is only considered as bearish below USD 3,448. Resistance is tight between USD 3,600, USD 3,608, and USD 3,611, a new high will potentially create a negative divergence with the RSI, not a sell signal it does warn of the potential for a momentum slowdown. Support is at USD 3,524, USD 3,507, and USD 3,479.5.

Nickel

The upside move on Friday resulted in intraday price and momentum becoming aligned to the buy side into the U.S. close, the futures have moved higher on the Asian open with the upside move considered as deep into the last bear wave, meaning the intraday technical is now considered as neutral/bearish. The daily technical remains bullish, a move above USD 21,165 will take the intraday into bullish territory with further resistance at USD 21,240 and USD 21,425. Downside moves on the 4- hour candle that close below USD 20,621 with the RSI at all below 53.5 (currently 60.5) would mean price and momentum are aligned to the sell side. A conflicting technical as the intraday is neutral/bearish whilst the daily is bullish, support is at USD 20,621, USD 20,175, and USD 19,900.

Lead

The daily pivot point has now been flat for the last six sessions meaning we continue to receive false single signals with price and momentum. This technical is neutral and in range between USD 2,334 and USD 2,225.