



Base Morning Intraday Note

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Copper

Goldman Sachs raises 12-month price targets for aluminum, copper and zinc, as fading China policy risk and severely depleted inventories leaves base metals “pricing to scarcity.” The bank raises 12-month targets for aluminum to \$3,500/ton, copper to \$12,000/ton and zinc to \$4,000/ton, analysts including Nicholas Snowden say in a note to client (Bloomberg). On the back of the Goldman’s upgrade the futures have traded above the USD 9,812 fractal resistance, meaning the technical is now bullish. Intraday price and momentum are aligned to the buy side supported by the RSI above 50; however, we note that there is a small negative divergence in play, this divergence would be considered minor rather than major as it is marginal. Downside moves on the 4-hour candle that close below USD 9,687 with the RSI at or below 49.5 (currently 60) would mean price and momentum are aligned to the sell side. Corrective moves lower that hold at or above USD 9,622 will support a bull argument, below this level the futures will target the USD 9,520 fractal support. Resistance is at USD 9,834, USD 9,862, USD 9,891 with support at USD 9,705, USD 9,687, and USD 9,622.

Aluminum

The futures remain technically bullish with price above all key moving averages supported by the RSI which is above 50; however, intraday price and momentum are conflicting as the upside move does not have support of the RSI. A close on the 4-hour candle above USD 2,966 With the RSI at or above 67.5 would mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 63 (currently 65) would mean it is aligned to the sell side. Price has made a new high above USD 2,980 on the back of the Goldman's revisions, however the new high has created a negative divergence with the RSI, not a sell signal it is warning of the potential for a momentum slowdown, this could explain why the upside move has been less aggressive than that of copper. Downside moves that hold at or above USD 2,927 will support a bull argument, below this level the futures will target be USD 2,898 fractal support. Resistance is at USD 3,014, USD 3,035, USD 3,057 with support at USD 2,966, USD 2,951, and USD 2,941.

Zinc

As with aluminum and copper, zinc has moved higher, partly on the back of the GS comments but also driven by a broader market rally after the Fed chair Powell's reassurances to tackle high inflation. The intraday technical is bearish due to the break in the USD 3,479 fractal support on Monday meaning intraday price and momentum are aligned to the buy side, downside moves on the 4-hour candle that close below USD 3,530 with the RSI at or below 50.5 (currently 54) would mean price and momentum are aligned to the sell side. Upside moves above USD 3,600 will break fractal resistance at this point the technical will be bullish based on price, it is worth noting that on the daily technical we remain bullish as is price and momentum, suggesting the USD 3,600 resistance could be tested. Resistance is at USD 3,600, USD 3,608, USD 3,611 with support at USD 3,530, USD 3,520, and USD 3,505.

Nickel

The futures broke fractal resistance on the Asian open yesterday morning when price traded above the USD 21,165 resistance, intraday price and momentum are aligned to the buy side with the futures moving to new highs in the Asian session alongside the rest of the base sector. Downside moves on the 4-hour candle that close below USD 21,614 with the RSI at or below 58 (currently 71) would mean price and momentum are aligned to the sell side. All our momentum indicators are making new highs which would suggest the current move is bullish impulse, suggesting downside moves should be considered as counter-trend, corrective moves lower that hold at or above USD 20,796 will supportable argument, below this level the futures will target the USD 20,175 fractal support. Technically bullish and in trend support is at USD, 21,614, USD 21,304, USD 21,088 with resistance at USD 22,159, USD 22,280, and USD 22,401.

Lead

Like the rest of the base sector, we have seen a move to the upside in the last 24 hours, from a technical perspective little has changed as the futures remain in range between the USD 2,344.5 resistance and the USD 2,246 support. If you look at the candles on the daily chart you will see that we have numerous upside and downside rejection candles, confirming the lack of trend in the market. Intraday price and momentum are aligned to the buy side, however due to the flat moving averages this has produced numerous false signals due to lack of movement in the pivot point itself. the futures now need to see a range breakout as we remain technically neutral.