



Base Morning Intraday Note

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Copper

The upside move on the Asian open failed to trade above the daily pivot point on Friday. This resulted in the futures selling off in the US session after consumer sentiment declined in early January by more than economists estimated, whilst retail sales sank in December by the most in 10 months (Bloomberg). A deep pullback means the technical is now considered as neutral/bullish, only below USD 9,520 is the technical considered bearish, Intraday price and momentum are aligned to the sell side. Upside moves on the 4-hour candle the close above USD 9,801 with the RSI at or above 60 (currently 48) would mean intraday price and momentum are aligned to the buyside. Price remains stable on the Asian open despite an interest rate cut in China by 10 basis points as growth risk worsens on the back of omicron (Bloomberg). Resistance is at USD 9,801, USD 9,975, USD 10,008 with support at USD 9,707, USD 9,638, and USD 9,520.

Alu

Having previously pulled back on a negative divergence the futures have found support on the longer period averages that we had previously noted remained well-spaced, indicating the trend was stable. The futures held moving average support on Friday with intraday price and momentum becoming aligned to the buyside on the Asian open, downside moves on the 4-hour candle below USD 2,973 with the RSI at or below 55 (currently 60) would mean price and momentum are aligned to the sell side. Upside moves above USD 3,030 are needed to take the technical into bull territory, however this will create further negative divergences suggesting upside moves could be limited. Resistance is at USD 3,030, USD 3,049, USD 3,065 with support at USD 2,973, USD 2,937, and USD 2,898.

Zinc

Like copper zinc came under pressure on Friday on the back of worse than expected U.S. economic data resulting in intraday price and momentum becoming aligned to the sell side. The daily technical remains bullish but the intraday technical is bearish having failed to trade above USD 3,600. The 4-hour longer period moving averages (30-60) are flat and compressing, indicating a lack of trend in the market, this is supported by price that remains in a range between USD 3,600 and USD 3,473. Intraday price and momentum are aligned to the sell side, however due to the neutral aspect of the market on the back off the range this continues to give false signals. Resistance is at USD 3,545, USD 3,600, USD 3,611, with support at USD 3,504, USD 3,473, and USD 3,461.

Nickel

Nickel retreated from the highest intraday level in more than a decade as metals traders reacted to negative economic data that saw China cut interest rates for the first time in almost two years. The largest metals consumer's growth in gross domestic product slowed to 4% in the final quarter of 2021 from a year earlier, as the country was battered by repeated shocks including electricity shortages, defaults from a housing and property crisis, and recurring Covid-19 outbreaks. The central bank cut the rate on its one-year policy loans before the data release. Although authorities have moved to ease some of the restrictions on real-estate funding, the effects have yet to be reflected in the numbers. The property sector is sending bearish signals, and market sentiment turned pessimistic on the earlier-than-expected rate, said Jia Zheng, a trader from Shanghai Dongwu Jiuying Investment Management Co (Bloomberg). Friday's upside move to a new high did create a negative divergence with price before selling off on the back of you US data, intraday price and momentum are now aligned to the sell side. Upside moves on the 4-hour candle that close above USD 22,316 with the RSI at or above 67 (currently 58) would mean price and momentum are aligned see the buy side. Downside moves below USD 21,710 will create a lower low in the market meaning the intraday technical will be bearish. However, the longer period Moving averages remain well-spaced, suggesting the intraday trend is stable at this point. The intraday Elliott wave cycle that started on the 15/12/21 would imply the recent upside move that started on the 06/01/22 is currently on a wave 3, implying corrective moves lower should be considered as countertrend. Downside moves that hold at or above USD 21,113 will support a bull argument, below this level the pullback is considered as deep meaning the intraday Elliott wave would be considered as neutral. Resistance is at USD 22,316, USD 22,688, USD 22,843, support is at USD 21,880, USD 21,555, and USD 21,113.

Lead

The trend remains technically bullish however the futures have corrected in Asian hours after the rate cut in China that preceded the Q4 GDP figures. Intraday price and momentum are aligned to the sell side but the trend itself remains bullish. An article on Bloomberg from Shanghai metal markets have noted that prices are likely to fall in late January due to the up-and-coming Chinese New Year. Downside moves below USD 2,330 will create a lower low in the market implying the intraday technical is bearish, upside moves on the 4-hour candle that close USD 2,367 with the RSI at or above 65 (currently 61) would mean price and momentum are bullish. Resistance is at USD 2,367, USD 2,380.5, USD 2,404 with support at USD 2,347.5, USD 2,330, and USD 2,325.