



# Base Morning Intraday Note

info@freightinvestor.asia | freightinvestorservices.com | (+65) 6535 5189

## Copper

Base metals were bolstered after economists forecast that China's cut of two key policy interest rates on Monday opened the door to more monetary easing actions ahead. The moves could come at a time the economy is being tested by the spreading outbreaks of the omicron variant, a decelerating property sector and sluggish consumer sentiment (Bloomberg). The futures moved lower in the European session with the pullback now deep, meaning the intraday technical is neutral/bullish; however, as highlighted on the EU close report price has held at the 66% and 78.6% retracement levels warning that we could be witnessing some form of bullish Gartley pattern. This supports market expectations of potentially more stimulus from the Chinese government in the future, especially as the State Grid Corp. of China, the nation's dominant electricity supplier, plans to invest a record 501 billion yuan (\$79 billion) on the power grid, out of overall capital expenditure of 580 billion yuan in 2022, according to a local media report. It's a windfall that promises to benefit everyone from clean energy generators, to power equipment makers, to the copper smelters that supply the metal used to conduct electricity (Bloomberg). Intraday price and momentum are conflicting as the RSI is not above its moving average, a close on the 4-hour candle above USD 9,719 with the RSI at or above 54 (currently 49) would mean price and momentum are aligned to the buyside. Likewise, a close below this level would mean it is aligned to the sell side. Resistance is at USD 9,910, USD 9,961, USD 10,013 with support at USD 9,707, USD 9,638, and USD 9,520.

## Alu

As noted yesterday the futures have held the longer period moving average support which remain well spaced, indicating a stable trend. The futures have moved higher on the Asian open alongside copper on the back of expectations of further Chinese stimulus, intraday price and momentum are aligned to the buyside. Technically bullish, upside moves that trade above USD 3,030 will create a higher high but also create a negative divergence. A close on the 4-hour candle below USD 2,988 with the RSI at or below 56.5 (currently 63) would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,963 will support a bull argument, technically bullish and in trend, the futures have a potential divergence ahead on a new high which will need to be monitored. Resistance is at USD 3,030, USD 3,048, USD 3,080 with support at USD 2,988, USD 2,977, and USD 2963.

## Zinc

The Intraday technical remains bearish with the futures moving sideways for the bulk of yesterday's session. We have seen a small upside move on the Asian open that has put price above the daily pivot, price and momentum are however conflicting. Upside moves on the 4-hour candle that close above USD 3,519 with the RSI at or above 52 (currently 49.5) would mean price and momentum are aligned to the buyside; likewise, a close below this level would mean price and momentum are conflicting. Longer period moving averages (30-60) remain flat indicating a lack of trend in the market, upside moves will need to trade above USD 3,600 for the intraday technical to be bullish. Likewise, downside moves below USD 3,473 would warn the technical could weaken further. Resistance is at USD 3,543.5, USD 3,600, USD 3611 we have supporter USD 3,519, USD 3504, and USD 3,473.

## Nickel

A conflicting technical on the daily chart as the futures have produced a bearish rejection candle followed by a bullish rejection candle, suggesting an air of neutrality in the market. The intraday technical itself is bullish/neutral based on the deep pullback, but price is moving higher today like the rest of the base complex on the possibility of further Chinese stimulus. The longer period moving averages (30-60) have held support and suggest the trend is stable, but price and momentum are conflicting. Upside moves on the 4-hour candle that close above USD 22,043 with the RSI at or above 65 (currently 61.5) would mean price and momentum are aligned to the buy side; likewise, a close below this level would mean it is aligned to the sell side. Downside moves below USD 21,710 will create a lower low in the market, meaning the technical would be bearish. Resistance is at USD 22,651, USD 22,824, USD 22,935 with support at USD 22,043, USD 21,710, and USD 21,447.

## Lead

The futures produced a bearish Harami pattern on the daily technical yesterday warning we have the potential to enter a corrective phase; However, this will need confirmation by a lower high, lower low and lower close on today's candlestick. Intraday price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 2,357 with the RSI at or above 63.5 (currently 57) would mean price and momentum are aligned to the buy side. The RSI is above 50 whilst the stochastic is over-sold, momentum is warning that the futures are vulnerable to a test to the upside. Downside moves below USD 2,330 will create a lower low and be bearish, technically bullish and in trend with momentum indicators suggesting the USD 2,380.5 high could be tested. Resistance is at USD 2,357, USD 2,380.5, USD 2393 with support at USD 2330, USD 2,323, and USD 2,313.