



# Base Morning Intraday Note

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## Copper

Money managers have increased their bullish Comex copper bets by 6,018 net-long positions to 28,221, weekly CFTC data on futures and options show. The net-long position was the most bullish in 11 weeks. Long-only positions rose 3,036 lots to 62,253 in the week ending Jan. 18. The long-only total was the highest in more than two months. Short-only positions fell 2,982 lots to 34,032. The short-only total was the lowest in 11 weeks (Commitment of Traders Bloomberg). However, authorities in China's top steel making hub of Tangshen are ordering more output curbs as air quality deteriorates in Beijing, ahead of the Winter Olympics that start next week (Bloomberg). The futures have moved lower on the Asian open with price and momentum aligned to the sell side, but price remains above the USD 9,778 support, below this level the pull back is considered deep meaning the technical has a neutral bias. Upside moves on the 4-hour candle that close above USD 9,945 with the RSI at or above 58.5 (currently 50.5) would mean P&M are aligned to the buy side. The technical is bullish but in a corrective phase, resistance is at USD 9,945, USD 10,072, USD 10,190 with support at USD 9,838, USD 9,778, and USD 9,630.

## Alu

Like copper the technical is bullish but the futures have entered a corrective phase meaning intraday price and momentum are aligned to the sell side. Downside moves below USD 2,998 would imply the technical pullback is deep indicating the futures are considered as neutral/bullish, below USD 2,937 price will have made a lower low taking the technical into bearish territory. Upside moves on the 4-hour candle that close above USD 3,049 with the RSI at or above 64 (currently 49.5) would mean price and momentum are aligned to the buy side. The RSI at 49.5 is near neutral with the stochastic oversold, if the RSI goes above 50 then momentum will be vulnerable to a test to the upside. Resistance is at USD 3,049, USD 3,070, and USD 3,123 with support at USD 2,998, USD 2,960, and USD 2,937.

## Zinc

The futures moved lower in the Asian session on slightly elevated volume with aggregate open interest moving a little lower, suggesting some profit taking in the market. On the LME intraday price and momentum are now aligned to the sell side with the futures considered as neutral/bullish, below USD 3,578 price will have made a lower low meaning the technical would be bearish on the intraday. Upside moves that close on the 4-hour candle above USD 3,645 with the RSI at or above 62 (currently 52) would mean P&M are aligned to the buy side. If the futures trade below USD 3,578 and the RSI moves below 50 then the trend could be vulnerable to a more complex corrective/bear phase. Technically bullish we are seeing warning signs that the trend is becoming less stable, resistance is at USD 3,645, USD 3,681, USD 3,704 with support at USD 3,595, USD 3,578, and USD 3,559.

## Nickel

Nickel dropped from the highest level in more than a decade and led losses among industrial metals in London as concerns about monetary tightening by the U.S. Federal Reserve spooked investors across asset classes. This is nickel's first decline in five sessions as roaring demand from the electric-vehicle sector and supply shortfalls have created a structural deficit. Inventories on the London Metal Exchange have slumped by nearly two thirds in the past year, while holdings on the Shanghai Futures Exchange sank to a record low. Demand for nickel remains bullish in the medium-to-longer term, China Industrial Futures Co. wrote in a note on Monday. Funds have piled into nickel and propelled the current price rally as longstanding supply shortfalls have led to dwindling inventories, it said. Economists expect the Federal Reserve to signal that it's poised to raise interest rates for the first time in three years at a two-day meeting ending Wednesday. And investors are turning cautious on nickel as the metal is flashing warning signals on some technical indicators. The relative strength index rose above 70, a territory signalling the contract is overbought to some investors (Bloomberg). The upside move on Friday failed to hold as intraday price and momentum were conflicting, the downside move in the Asian session means P&M are aligned to the sell side. Corrective moves lower that hold at or above USD 22,794 will support a bull argument, below this level the pullback is considered deep, putting a neutral bias on the bull trend and warn the USD 21,950 fractal support could be tested. A close on the 4-hour candle above USD 23,965 with the RSI at or above 69 (currently 57) would indicate P&M are aligned to the buy side. Technically bullish but in a corrective phase, resistance is at USD 24,435, USD 24,718, USD 25,553 with support at USD 23,485, USD 23,192, and USD 22,794.

## Lead

The new high on Friday created a negative divergence with price, resulting in a technical pullback, intraday price and momentum are now conflicting. The downside move is deep into the last bull wave implying the technical has a neutral bias, below USD 2,344 the intraday technical will be bearish. Upside moves on the 4-hour candle that close above USD 2,364 with the RSI at or above 59 (Currently 56) would indicate price and momentum are aligned to the buy side. Likewise, a close below this level would mean it is aligned to the sell side. Technically bullish, the pull back on the negative divergence is deep, leaving the trend vulnerable to a more sustained corrective phase. Resistance is at USD 2,388, USD 2,395, USD 2,405 with support at USD 2,364, USD 2,344, and USD 2,325.