



Base Morning Intraday Note

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Copper

The futures moved lower yesterday over concerns about Interest rate hikes, balance sheet reduction to tackle inflation and geopolitical tensions. Price had already opened lower in the Asian session before selling off aggressively during the European and U S sessions, to finish today 1.9% lower at USD 9,747. The futures had previously rallied on the back of the bullish Gartley pattern before moving lower to trade briefly below the USD 9,673 support. The technical is once again neutral with intraday price and momentum aligned to the sell side, upside moves on the 4-hour candle that close above USD 9,782 with the RSI at or above 54.5 (currently 46) would mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 9,927 remain vulnerable to further tests to the downside, above this level the futures will target the USD 10,065 fractal resistance. Technically neutral, resistance is at USD 9,782, USD 9,814, USD 9,862 with support at USD 9,673, USD 9,630, and USD 9,596.

Aluminum

The futures proved to be more resilient than copper yesterday, price opened below the daily pivot point but held at the longer period moving averages (30-60); however, price remained below the daily pivot point. A small upside move into the close means the futures have opened above the current pivot point (USD 3,031), but the RSI is below its moving average, meaning intraday price and momentum are conflicting. A close on the 4-hour candle above this level with the RSI at or above 59 (currently 53.5) would mean P&M are aligned to the buy side; likewise, a close below this level would mean it is aligned to the sell side. The technical remains in bullish territory with key support at USD 2,998, corrective moves below this level would be considered as deep into the last bull wave, putting a neutral bias on the market. Downside moves below USD 2,937 will create a lower low and be bearish. Technically bullish and in trend with key support at USD 2,998; resistance is at USD 3,052, USD 3,066, USD 3,084 with support at USD 3,031, USD 2,998, and USD 2,974.

Zinc

Yesterday we witnessed some profit taking in the market during the Asian session resulting in price trading down to the 60 period EMA before finding support. The Intraday technical is now bearish as price has traded below the USD 3,578 fractal support, an upside move on the open means that price and momentum are conflicting. A close on the 4-hour candle above USD 3,596 with the RSI at or above 58.5 (currently 52) would mean P&M are aligned to the buy side. Upside moves that fail at or below USD 3,642 remained vulnerable to further tests to the downside, above this level the futures will target the USD 3,681.5 high. The intraday is technically bearish with resistance at USD 3,610, USD 3,623, USD 3,642 with support at USD 3,596, USD 3,566, and USD 3,550.

Nickel

Nickel's rally to the highest in more than a decade last week has burst, as investors bet increased battery-grade output from largest producer Indonesia will ease a historic supply squeeze. The metal is set for its biggest two-day slump since last March in London and fell by its daily limit in Shanghai as China's Tsingshan Holdings Group Co., the world's largest stainless-steel producer, starts shipping its first cargo of nickel matte from its operations in Indonesia (Bloomberg). The downside move in the futures means we have tested the USD 21,950 fractal support, which is currently holding, below this level the intraday technical is considered as bearish based on price. However, Elliott wave analysis would imply that the futures are on a corrective wave 4, suggesting this downside move is potentially countertrend. Corrective moves lower that hold at or above USD 20,973 will support a bull argument, below this level the futures will target the USD 20,312 Fibonacci support. Upside moves on the 4-hour candle that close above USD 22,948 with the RSI at or above 60 (currently 44) would mean P&M are aligned to the buy side. Near-term price action is neutral based on the depth of the pullback, but the Elliott wave cycle remains bullish; resistance is at USD 22,948, USD 23,152, USD 23,535 with support at USD 21,950, USD 21,812, and USD 20,973.

Lead

As previously noted, the new high on Friday had created a negative divergence between the RSI and price, resulting in a technical pullback. The futures moved lower alongside the rest of the base complex yesterday due to financial and geopolitical uncertainties, meaning intraday price and momentum are aligned to the sell side, the futures have made a lower low indicating the intraday technical is now bearish based on price. A close on the 4-hour candle above USD 2,348 with the RSI at or above 54 (currently 45.5) would mean price and momentum are aligned to the buy side. Corrective moves higher that fail at or below the USD 2,369 level remain vulnerable to further tests to the downside, above this level the futures will target the USD 2,388 high. The intraday is now technically bearish based on the lower low having pulled back on a negative divergence, suggesting we have potentially further weakness ahead. Resistance is at USD 2,348, USD 2,354, USD 2,361 with support at USD 2,316.5, USD 2,301, and USD 2,392.