



Base Morning Intraday Note

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

Copper

Base metals headed for their first weekly decline since early December after the Federal Reserve pivoted to a tighter-than-expected monetary policy stance that could blunt demand for commodities. Copper and nickel -- which is down 7% so far this week -- both fell for a second straight session following hawkish comments from Fed Chair Jerome Powell on Wednesday. Investors are now pricing in nearly five interest-rate hikes in the world's biggest economy this year, up from expectations for three as recently as December (Bloomberg). The futures traded lower into the U.S session (USD 9,700) but continue to hold above the USD 9,660 and USD 9,630 support zone. Intraday price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 9,767 with the RSI at or above 52.5 (currently 48) would mean price and momentum are aligned to the buy side. The intraday technical is neutral bullish supported by flat EMA's, as is the daily technical. Resistance is at USD 9,767, USD 9,862, USD 9,927 with support at USD 9,660, USD 9,630, and USD 9,574.

Alu

Global aluminum prices and the U.S. Midwest premium may be poised to climb if the U.S. and Europe impose sanctions on Russia amid rising concerns for the world's aluminum supply. Rusal, the world's top aluminum producer outside China, may have to pursue other export channels, such as through intermediate countries, as the U.S. and Europe accounted for 46% of its 1H21 revenue. Sanctions would risk raising the U.S. Midwest premium, which is what buyers pay on top of London Metal Exchange benchmark prices, as the U.S. relies on imported aluminum to meet domestic demand (Bloomberg). The downside move in the futures held above the USD 3,047 support yesterday, resulting in a test to the upside before moving sideways into the close. Intraday price and momentum are currently conflicting but remain technically bullish. Upside moves that close on the 4-hour candle above USD 3,093 with the RSI at or above 61.5 (currently 59) would mean P&M are aligned to the buy side; likewise, a close below this level with the RSI at or below 57 would mean it is aligned to the sell side. Upside moves that trade to a new high above USD 3,125 will create a negative divergence with the RSI, not a sell signal it does warn of the potential for a momentum slow down. Likewise, downside moves that hold at or above USD 3,047 will support a bull argument, below this level there is a neutral bias in the market, warning the USD 3,009 fractal support could be tested. Technically bullish and in trend, any divergence on a high will need to be monitored, resistance is at USD 3,125, USD 3,147, USD 3,163 with support at USD 3,093, USD 3,047, and USD 3,009.

Zinc

Mitsui Mining & Smelting Co. is increasing zinc prices this year in annual contracts by at least 35% for the Japanese company's customers in Asia as supply tightens and freight rates soar. The constrained availability of cargo ships is a big contributor to the rise, Kenji Sugawara, general manager of the Tokyo-based smelter's metal sales department, said in an interview on Thursday. The price increases mark a turnaround from the previous two years when Mitsui Mining was forced cut the premium it charged overseas buyers, he said (Bloomberg). The futures traded down to and just below the first of our support levels yesterday before moving higher in the European and U S sessions. The upside move has broken fractal resistance meaning the intraday technical is now bullish, this is supported by intraday price and momentum which is aligned to the buy side. A close on the 4-hour candle below USD 3,619 with the RSI at or below 51 (currently 57) would mean price and momentum are aligned to the sell side. Technically bullish in trend, upside moves above USD 3,681.5 will create a new high but also negative divergence, this is not a sell signal, but it does warn of the potential for a momentum slow down. Resistance is at USD 3,681.5, USD 3,703, USD 3,720 with support at USD 3,619, USD 3,585, and USD 3,563.

Nickel

Having retraced on the news of new supply from the world's top producer Tsingshan Holdings Group Co. the futures have since moved sideways. Intraday price and momentum are aligned to the sell side, close on the 4-hour candle above USD 22,503 with the RSI at or above 50.5 (currently 46) would mean it is aligned to the buy side. Upside moves that fail at or below USD 23,535 remain vulnerable to further downside moves, above this level the technical is considered as neutral/bearish based on the deep pullback and warns the USD 24,350 fractal resistance could be tested. Based on the recent upside move this correction down could be part of a countertrend move, if the futures hold above USD 21,623 it will support a bull argument on the daily chart, below this level the longer-term trend becomes neutral. Resistance is at USD 22,503, USD 22,869, USD 23,152, with support at USD 21,955, USD 21,623, and USD 21,086.

Lead

The upside move in the futures yesterday failed at the USD 2,339 resistance keeping the technical in bearish territory, resulting in the futures trading down to USD 2,307. Intraday price and momentum are aligned to the downside, upside moves on the 4-hour candle that close above USD 2,321 with the RSI at or above 47 (currently 42) would mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,337 will remain vulnerable to a test to the downside, above this level the technical is neutral/bullish, only above USD 2,353 is the intraday technical bullish. Resistance is at USD 2,321, USD 2,330, USD 2,337 with support at USD 2,287, USD 2,278, and USD 2,269.