



Base Morning Intraday Note

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

Copper

Copper edged higher in London -- after its biggest weekly drop in more than three months -- amid low inventories and prospects for robust demand from the energy transition over the longer term. The metal traded near \$9,500 a ton after sliding 4.4% last week as the Federal Reserve pivoted to a tighter-than-expected monetary policy stance that could blunt demand for commodities. Chinese markets will be shut all week for the Lunar New Year holidays, which should dampen activity during Asian hours (Bloomberg). The upside move on the open found resistance at the daily pivot level (9,598) resulting in price trading lower, intraday P&M are aligned to the sell side with price below all key moving averages. A close on the 4-hour candle above USD 9,598 with the RSI at or above 47 (currently 38) would mean P&M are aligned to the buyside; however, corrective moves higher that fail at or below USD 9,749 will remain vulnerable to further tests to the downside. Above this level the futures will target the USD 9,878.50 fractal resistance. Support is at USD 9,496, USD 9,467.5, USD 9,337 with resistance at USD 9,598, USD 9,642, and USD 9,687.

Alu

Tensions between the U.S. and Russia over Ukraine are exacerbating a shakeout in the aluminum sector, which has been hammered by rising power prices over the past year. The price of aluminum has increased 24% over the past six months to more than \$3,100 a metric ton, approaching a decade high. The prospect of a Russian invasion of Ukraine has made matters worse. Russia is one of the world's biggest aluminum producers, and traders fear disruptions to its exports if conflict breaks out (Bloomberg). Technically bullish on Friday we noted the futures would create a negative divergence on a new high which has been the case. The futures have entered a corrective phase, the intraday technical is bearish due to the futures making a new low. A close on the 4-hour candle above USD 3,078 with the RSI at or above 58.5 would mean P&M are aligned to the buyside, above USD 3,134 the technical is bullish. Longer period EMA's (30-60) are starting to show signs that they are flattening, warning the intraday trend is starting to be less stable, below USD 3,009 price will have made a lower low on the daily technical meaning the higher time frame would be bearish. Resistance is at USD 3,078, USD 3,085, USD 3,101 with support at USD 3,040, USD 3,009, and USD 2,937.

Zinc

the futures opened below the daily pivot point and came under pressure in the night session, intraday price and momentum are aligned to the sell side. Upside moves on the 4-hour candle that close above USD 3,630 with the RSI at or above 55.5 (currently 52) would mean price and momentum are aligned to the buy side. However, corrective moves higher but fail at or below USD 3,641 will remain vulnerable to further tests to the downside, above USD 3,667 price will target the USD 3,681.5 fractal resistance. Downside moves below USD 3,592 will target the USD 3,563 – USD 3,550 support zone.

Nickel

Nickel led declines in industrial metals -- following its biggest weekly drop in almost three months -- on concern that China's slowing economy poses risks to the demand outlook. The metal dropped almost 2% on Monday. China's manufacturing output slipped at the start of the year and Covid-19 outbreaks curbed consumer spending, official purchasing managers' surveys released over the weekend show. Caterpillar Inc., considered an economic bellwether, signalled Friday that Chinese demand for machinery will likely decline this year (Bloomberg). The downside move on the open has resulted in the futures trading below the USD 21,955 support, meaning key fractal resistance now drops to USD 22,900. The intraday trend is technically bearish based on the lower low; however, we did see a downside rejection candle on the open meaning the futures have recovered early losses. A close on the 4-hour candle above USD 22,283 with the RSI at or above 49.5 (currently 47) would mean price and momentum are aligned to the buyside, corrective moves higher that fail at or below USD 22,553 will remain vulnerable to further tests to the downside, above USD 22,900 the intraday technical is bullish. The intraday is technically bearish based on the lower low but we now have a bullish rejection candle with the RSI producing a small positive divergence, warning we are seeing some signs of exhaustion in the market. Resistance is at USD 22,283, USD 22,390, USD 22,553 with support at USD 21,880, 21,468, and USD 21,230.

Lead

A breakdown in the futures on Friday has resulted in the daily technical entering bearish territory. Intraday price and momentum are aligned to the sell side, upside moves on the 4-hour candle that closes above USD 2,274 with the RSI at or above 42 (currently 37) would mean price and momentum are aligned to the buy side; however, corrective moves higher that fail at or below 2,308 will remain vulnerable to further tests to the downside, above this level the futures will target the USD 2,339 fractal resistance. Technically bearish and in trend, momentum indicators have made new lows which would suggest the upside moves should be considered as countertrend at this point. Resistance is at USD 2,274, USD 2,284, USD 2,291 with support at USD 2,250, USD 2,223, and USD 2,214.