# **IS** Base Morning Intraday Note

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

#### Copper

Copper edged higher in London after a sharp decline last week as comments from the Federal Reserve alleviated concerns over aggressive policy tightening. Fed Reserve officials said on Monday that they want to avoid unnecessarily disrupting the U.S. economy as they prepare to start raising interest rates, showing little stomach for an aggressive 50 basis-point move in March. Copper had declined more than 4% last week, its biggest weekly drop in more than three months, on worries the central bank might take a more hawkish-than-expected approach to raising rates (Bloomberg). We noted on the EU close report yesterday that the trend remained technically bearish based on price, but the new low had created a positive divergence with the RSI. having initially moved lower on the open the futures are currently unchanged with price above the daily pivot point (USD 9,538) however, we do not have RSI support as it remains on its moving average. Upside moves on the 4-hour candle that close above the daily pivot with the RSI at or above 44 (currently 42) would mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 40.5 would mean it's aligned to the sell side. The trend remains technically bearish but due to the positive divergence it is not considered a technical sell, upside moves above USD 9,617 would be considered as bullish. Resistance is at USD 9,617, USD 9,698, USD 9,750 with support at USD 9,538, USD 9,458, and USD 9,380.

## Ali

Backwardation in base metals means prices can go further forward. This may be especially true for aluminium, a lightweight metal that looks increasingly well set to deliver a heavyweight performance. The pattern is bullish, marked by near-term prices commanding a premium to those further out, indicating tight conditions. Aluminium's key cash-to-three-month spread just gapped out to the most since mid-2018 and may widen more. The metal -- used in cans, kegs and aircraft parts -- has much in its favour. LME-tracked stockpiles are low and falling. Ever-higher energy costs may imperil more production. Russian supply could be at risk if there's a deterioration in the Ukraine crisis. Look for further gains above \$3,000/ton (Bloomberg). We had previously noted that price is moving lower on a negative divergence with the moving averages suggesting the trend is less stable, the futures continued to move lower yesterday despite the weakness in the US dollar. The intraday technical remains bearish supported by the RSI which is below 50; However, we remain above the USD 3,009 support meaning the daily technical remains bullish. Intraday price and momentum are conflicting a close on the 4-hour candle above USD 3,042 with the RSI at or above 54.5 (currently 47) would mean it is aligned to the buyside; likewise, a close below this level would mean it is aligned to the sell side. The intraday trend is now bearish with the daily technical neutral/bullish, upside moves above USD 3,084.5 would create a higher high taking the 4-hour technical into bull territory. Resistance is at USD 3,051, USD 3,061, USD 3,084.5 with support at USD 3,017, USD 3,009, and USD 2,937.

## 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). Random price movement and flat moving averages would indicate a neutral technical at this point, this is supported by the RSI at 50. Due to the neutrality of the market, price and momentum are giving false signals, the intraday technical is bearish based on yesterday's low, above USD 3,667 it will have created a higher high and be bullish. Resistance is at USD 3,611, USD 3,620, USD 3,632 with support at USD 3,583, USD 3,563, and USD 3,550.

## Nickel

Nickel buyers are still having to pay massive premiums for immediately available metal, even after concerns over a historic supply squeeze eased with a major producer boosting shipments. The cash nickel contract traded at the highest relative to the three-month contract since 2007 on Monday, signalling those buyers are still racing to secure the metal used in batteries. Meanwhile, stockpiles in warehouses tracked by the London Metal Exchange extended declines to the lowest since December 2019, adding to signs of tightness (Bloomberg). The spread blowing out between the spot and the futures could be the reason the market is supported, the technical remains bullish above USD 21,950, however due to the deep pullback means it now has a neutral bias. Longer-term moving averages are flat and compressed indicating a lack of trend in the market, this also means that we are seeing the pivot points cluster, indicating price and momentum are giving false signals at this point. The upside move yesterday trade above the USD 22,553 resistance, warning we could test the USD 22,900 fractal, which would take the futures into bull territory if it were broken. At this point the technical would be considered bullish. Resistance is at USD 22,553, USD 22,681, USD 22,900 with support at USD 22,250, USD 21,880, and 21,584.

#### Lead

The intraday and daily technical remain bearish with price trading below and closing below the daily STARC band (Stoller Average Range Channel Bands), if we close above this level (USD 2,218) then we could see the futures move higher. Likewise, a close today above USD 2,279 would warn that momentum is improving based on price on the daily technical. Upside moves on the 4-hour candle that close at or above USD 2,240 with the RSI at or above 39 (currently 36) would mean price and momentum are aligned to the buyside, a close below this level would wean it is aligned to the sell side. Upside moves that fail at or below USD 2,263 will remain vulnerable to further tests to the downside, above USD 2,287 the intraday technical will be considered as bullish. The daily technical would suggest that we remain in a complex corrective phase as the upside moves that started on the 07/12/21 failed to create a new high in the market, warning the USD 2,182.5 and USD 2,060 support levels have the potential to be tested. The intraday technical is bearish, resistance is at USD 2,243, USD 2,252, USD 2,263 with support at USD 2,240, USD 2,217 and USD 2,187.

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