



# Base Morning Intraday Note

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

## Copper

Having previously noted that the new low had created a positive divergence warning of possible exhaustion, the futures have traded above the USD 9,617 fractal resistance putting the intraday technical into bullish territory. The driving force behind the move had been a weaker dollar after the Federal reserve alleviated concerns over aggressive policy tightening. Intraday price and momentum are aligned to the buy side supported by the RSI above 50, corrective moves that close on the 4-hour candle below USD 9,666.50 with the RSI at or below 42.5 (currently 53) would mean price and momentum are aligned to the sell side. However, downside moves that hold at or above USD 9,564 will support a bull argument, below this level the intraday technical will have a neutral bias. Upside moves that fail at or below USD 9,791 on the daily chart remain vulnerable to further tests to the downside, above USD 9,964 the daily technical is bullish. Resistance is at USD 9,791, USD 9,878, USD 9,964 with support at USD 9,666, USD 9,614, and USD 9,564.

## Aluminum

Despite India's coal supply crisis easing up a bit, the country's aluminum sector has pressed the panic button. The industry has alleged that low coal stocks threaten supply of the metal. The Aluminium Association of India (AAI) voiced this concern in a representation to the Indian Ministry of Coal last week. The AAI has demanded immediate resumption of railway rakes to transport the much-needed power source, coal, from the mines to the aluminum plants. The sector has only about 4 days of coal stocks. The industry typically has 15 days of supply (Metal Miner). A limited day of price action has resulted in the futures producing an inside day candle pattern; in theory, this has a neutral bias with a breakout from the previous days range (USD 3,070 – USD 3,028) directing the near-term directional bias. On Bulkowski's pattern site (based on research on hundreds of trades up until 2013 – thepatternsites.com) the pattern acts as a continuation 62% of the time but will need confirmation on the close of the candle. The intraday futures are bearish/neutral with price and momentum aligned to the sell side, a close on the 4-hour candle above USD 3,044 with the RSI at or above 50.5 (currently 47) would mean P&M are aligned to the buy side. Upside moves above USD 3,084.50 will create a higher high, taking the technical into bullish territory; likewise, downside moves below USD 3,009 will take the daily technical into bearish territory. A neutral technical with resistance at USD 3,070, USD 3,084.5, USD 3,134 and support at USD 3,028, USD 3,009, and USD 2,985.

## Zinc

Limited price movement yesterday due to the CNY, resulting in the futures producing an inside day (see Ali). Price opened lower but moved higher in the night session, we traded above but failed to hold above the daily pivot point (USD 3,599). Upside moves on the 4-hour candle that close above this level with the RSI at or above 52.5 (currently 49) would mean P&M are aligned to the buy side. The intraday technical is bearish with price currently consolidating, this is supported by the longer period EMA's (30-60) which are flat and compressed, signaling neutrality. The daily technical remains bullish above USD 3,562 and neutral below, the pullback means the higher timeframe has a neutral bias. Upside moves above USD 3,619.50 will target the USD 3,657 and USD 3,667 resistance levels with support at USD 3,583, USD 3,563, and USD 3,550. Neutral/bullish on the daily with price consolidating.

## Nickel

The nickel market is showing more signs of stress. Stockpiles held by the London Metal Exchange extended their decline on Tuesday, with the last increase coming in October. Buyers are paying a massive premium for immediately deliverable futures. The key cash three-month spread, which briefly eased on news of additional shipments from Tsingshan Holdings Group Co., notched new highs on Monday. Contracts for immediate delivery are trading at a \$508-a-ton premium to those in three months, the highest such premium since a historic squeeze in 2007 (Bloomberg). The futures move higher yesterday resulting in the intraday trading above USD 22,900, the technical is now bullish supported by the RSI above 50, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 22,655 with the RSI at or below 47.5 (currently 54.5) would mean P&M are aligned to the sell side. A close on the daily technical above USD 22,396 yesterday signaled that momentum is improving based on price, this is supported by the RSI above 50 whilst the stochastic is oversold; momentum indicators would suggest the technical is vulnerable to further tests to the upside. Resistance is at USD 22,856, USD 23,157, USD 23,566 with support at USD 22,541, USD 22,415, and USD 22,243.

## Lead

Another inside day in the futures (see Ali) with price producing a Doji star, indicating indecision in the market. Upside moves on the daily chart that close above the USD 2,250 would imply that momentum is improving based on price, momentum indicators are warning that the futures are vulnerable to move to the upside as the daily RSI is above 50 with the Stochastic in oversold territory. The intraday technical remains bearish with the upside move yesterday failing below our key resistance (USD 2,263), above this level the intraday has a neutral bias, whilst above USD 2,287 the technical is bullish. Downside moves below USD 2,217 have the potential to create a positive divergence on a new low, this will need to be monitored as it would warn the downside trend could soon exhaust. Resistance is at USD 2,237 USD 2,252, USD 2,263 with support at USD 2,217, USD 2,201, and USD 2,190.