Base Morning Intraday Note

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

Copper

Copper prices are slightly higher in early Asian trade, as the commodity extends its muted trading pattern so far this week with many regional markets closed for the Lunar New Year holidays. ANZ Research warns that profit-taking pressure due to recent gains, coupled with monetary-policy tightening in Europe, might curb further gains for the metal. But overall price levels should be well supported given falling inventories, ANZ says. The three-month LME copper gains contract gains 0.4% to $9,870.00 a ton (Bloomberg). As noted last night on the EU close report the downside move yesterday held above key support levels, resulting in the futures moving higher, intraday price and momentum are aligned to the buyside. A close on the 4-hour candle below USD 9,809 with the RSI at or below 52 (currently 54) would mean price and momentum are aligned to the sell side. Corrective moves lower the trade below the USD 9,720 fractal support will target the USD 9,610 level; this is a key level, if it holds the futures remain in bull territory, if it is broken the technical will have a neutral bias. Upside moves above USD 9,906 will target the USD 9,964 and USD 10,065 resistance levels.

Ali

Rusal forecasts a global aluminium deficit in 2022 of 1.6m-1.7m tons, which will likely support metal prices, BCS Global Markets analyst says after meeting with Russian company's management. More unfavourable weather conditions in China may exacerbate the market imbalance, implying more upside for prices. Rusal sees low possibility of direct sanctions against Russia's aluminium industry as that might stress the global market, given Russia provides 30% of global supply excluding China (Bloomberg). The futures moved higher yesterday resulting in intraday price and momentum becoming aligned to the buyside, however we remain below the USD 3,070 fractal resistance, above this level the Intraday technical is bullish. A close on the 4-hour candle below USD 3,028 with the RSI at or below 44 (currently 52) would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,995 will support a bull argument, below this level there is a neutral bias in the market, whilst below USD 2,964 the intraday technical is bearish. Likewise, upside moves that fail at all below USD 3,067 would warn we are potentially in a more complex corrective phase, further resistance is at USD 3,097 and USD 3,134.

Zinc

Zinc prices on Thursday fell 0.2 per cent to Rs 298.75 per kg in the futures trade, as speculators reduced their exposure on negative cues from the spot market. On the Multi Commodity Exchange, zinc contracts for the February delivery traded lower by 60 paise, or 0.2 per cent, to Rs 298.75 per kg in 1,368 lots. Analysts said offloading of positions by participants, owing to slackened demand from consuming industries in the physical market, mainly weighed on zinc prices here (Bloomberg). The futures did move lower yesterday but ultimately, they remain in a neutral phase, one could say there is a descending triangle forming, but it is not the clearest of patterns as it formed after the spike on the 27th of Jan. Technically neutral, resistance is at USD 3,611, USD 3,620, USD 3,632 with support at USD 3,605 USD 3583, and USD 3,563.

Nickel

Producers in China's powerhouse nickel-pig iron sector have been shutting down as Beijing looks to clear its skies ahead of the Winter Olympics, according to satellite data analysed by Marex and Earth-i. Ten out of 18 nickel-pig-iron plants around the capital appeared to be inactive at the end of January, according to Marex and Earth-i, which have been tracking production activity in metals markets via satellite since 2019. The looming Olympics seems to be exacerbating a seasonal ramp-down usually seen ahead of Chinese New Year, they said (Bloomberg). Very limited movement yesterday with prices moving sideways in a tight range. The intraday technical is bullish having made a new high on the 1st of this month, but price and momentum are conflicting. A close on the 4-hour candle below USD 22,800 with the RSI at or below 52 (currently 53) would mean P&M are aligned to the sell side. Likewise, a close above this level with the RSI at or above 56.5 would mean it is aligned to the buyside. Upside moves above USD 22,950 will target the USD 23,157 and USD 23,566 resistance levels. Downside moves that hold above USD 22,243 will support a bull argument, below this level for technical will have a neutral bias. support is at USD 22,541, USD 22,415, and USD 22,243.

Lead

The futures had previously produced a positive divergence between price and the RSI meaning from a technical perspective they were no longer considered a technical sell. Price did move lower yesterday, trading to a low of USD 2,186 but remains in divergence, we maintain our view that lead is not considered a technical sell at this point due to the divergence. Intraday price and momentum are conflicting, upside moves that close on the 4-hour candle above USD 2,214 would mean in today price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 34 (currently 36) would mean it is aligned to the sell side. Resistance is at USD 2,214, USD 2,225, USD 2,245 with support at USD 2,186, USD 2,171, and USD 2,161.