



Base Morning Intraday Note

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Copper

Copper prices are slightly higher in Asia morning trading, continuing Monday's muted performance. The commodity has bucked a recent trend of consecutive strong gains in other base metals, especially aluminum. ANZ Research reckons copper's relative weakness is likely a result of rising concerns about slowing economic activity in China, which is the world's largest consumer of copper and accounts for roughly half of global demand. The country's manufacturing PMI fell in January, while its services PMI dropped to a multi-month low. The three-month LME contract gains 0.4% to \$9,815.00 a ton (WSJ). Muted price action with the futures moving sideways once again, price and momentum are aligned to the sell side, but the daily pivot has been flat for the last 4 sessions meaning that it is giving false signals. Above the USD 9,906 level will signal upside continuation targeting the USD 9,964 and USD 10,065 resistance levels, whilst below USD 9,720 would be considered as corrective with the futures targeting the USD 9,682, USD 9,610, and USD 9,553 support levels. Key support remains unchanged at USD 9,610, below this level the intraday technical will have a neutral bias. **Bullish but consolidating.**

Alu

Aluminum rose toward its highest level since October as supply disruptions from China to Europe further tightened the market. It gained along with other industrial metals, which have been hit by production shortages worldwide. The global aluminum market is in the widest backwardation since 2018, and prices have risen by more than 10% in London so far this year. Markets are "out of everything," including oil, gas, coal, aluminum, and copper, forcing them to price in the shortages, according to Jeff Currie, the head of commodities research at Goldman Sachs Group Inc (Bloomberg). As noted yesterday the futures looked to be on an extended wave-3 with price now above the USD 3,175 resistance. Based on the Williams approach the futures now target the USD 3,240 and USD 3,303 levels, with further resistance at USD 3,395. A close on the 4-hour candle below USD 3,120 with the RSI at or below 57 (currently 67) will mean the price and momentum are aligned to the sell side; however, corrective moves lower that hold at or above USD 3,047 will support a bull argument, only below USD 2,694 is the technical bearish. Support is at USD 3,163, USD 3,086, and USD 3,047. **Technically bullish.**

Zinc

The futures have traded up to but not above the USD 3,657 level in the Asian session, price has corrected but intraday price and momentum remain aligned to the buy side as the futures are above the daily pivot point (USD 3,629), whilst the RSI is above its moving average. A close on the 4-hour candle below this level with the RSI at or below 51 (currently 55.5) would mean P&M are aligned to the sell side. Corrective moves lower that hold at or above USD 3,621 will support a bull argument, below this level the futures will target the USD 3,601 and USD 3,586 fractal support levels. Above USD 3,657 price will target the USD 3,667 and USD 3,681.5 levels. **In range, however price has traded above the USD 3,636.50 double top which is supporting a bull argument.**

Nickel

In the first trading day post the Chinese New Year (CNY) holiday, intraday SHFE nickel once recorded a gain of 5%, and closed the day with an increase of 3.25% on Monday. SMM believes that the high nickel prices were still supported by tight supply and high demand, which resulted in continuously falling pure nickel inventory. In the spot market, there were currently few quotes and shipments amid tight supply, according to SMM research. On the other hand, some downstream participants have not resumed the production yet, and the violently fluctuating prices also suppressed the demand (SMM). Strong upside moves above in the futures yesterday resulted in price trading above the USD 23,556 resistance, which is supporting a bull argument. We have seen a technical pullback in Asian hours, but intraday price and momentum are still aligned to the buy side, as price is above the daily pivot point (USD 23,243) with the RSI on its moving average. A close on the 4-hour candle below this level with the RSI at or below 56 (currently 58.5) would mean P&M are aligned to the sell side: however, corrective moves lower that hold at or above USD 23,054 will support a bull argument, below this level the intraday technical has a neutral bias, whilst below USD 22,730 it will be bearish. Resistance is at USD 23,566 (breached but holding), USD 23,888, USD 24,435 with support at USD 23,243, USD 23,207, and USD 23,054. **Technically bullish providing we hold above USD 23,054.**

Lead

Technically bearish yesterday but not considered a technical sell due to the divergence in play. Price is now consolidating with the futures potentially forming a base, downside moves below USD 2,183 have the potential to form further positive divergences. Intraday price and momentum are conflicting, a close on the 4-hour candle above USD 2,206 would mean P&M are aligned to the buy side; likewise, a close below this level with the RSI at or below 36 (currently 40) would mean it is aligned to the buy side. A new fractal has now formed at USD 2,228.5; upside moves above this level will be considered as bullish based on price, above this level the futures will target the USD 2,245 and USD 2,254 resistance levels. However, the longer-term 4-hour EMA's remain well spaced suggesting the trend is currently stable which is giving a conflicting signal in the market. A close on the daily chart above USD 2,232 would indicate that momentum is improving based on price. Support is at USD 2,183, USD 2,180, and USD 2,168. **The technical is neutral/bearish and in trend but not considered a technical sell at this point due to the potential positive divergence on a new low, meaning the technical is now conflicting.**