



Base Morning Intraday Note

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Copper

Citigroup Inc. boosts three-month copper target to \$11,000/ton from \$8,800 on China easing, decarbonization, supply challenges. "Further China easing is likely to provide the catalyst for higher prices, alongside an underlying deficit, which could see inventories reach critically low levels on the LME," analysts including Max Laytonsay in note "Copper has basked in the sunlight of its supercycle for the well over a year, and we expect this to continue for the at least the next three to four years," Citi says NOTE: Copper closes at \$10,059/ton on Weds., +21% over 12 months; price hit record \$10,747.50 in May 2021 Copper can be a catch-up trade over two to three months after having underperformed for much of the past year as positioning has a lot of room to rise (Bloomberg). Supply remains a concern in the market resulting in price breaking the USD 9,906 fractal resistance on large intraday volume yesterday, trading to a high of USD 10,120. We had previously noted that the futures were technically bullish but, in a consolidation/corrective phase, the upside break means we now target the USD 10,121, USD 10,249 and potentially the USD 10,398 level. Corrective moves lower that close on the 4-hour candle below USD 9,973 with the RSI at or below 52 (currently 63) will mean P&M are aligned to the sell side; however, downside moves that hold at or above the USD 9,866 level will support a bull argument, below this level the technical will have a neutral bias. Support is at USD 9,973, USD 9,931, and USD 9,866. **Technically bullish based on price, if this is a bullish impulse wave 3 then we target the USD 10,398 area.**

Aluminum

Aluminum is creeping closer to an all-time high as investors bet that a wave of global supply cuts heralds a deep and prolonged shortage of the metal used in cars and drinks cans. The market is grappling with a series of supply disruptions from China to Europe that threaten to leave a recovering market starved of material. Those outages add to a broader backdrop of rising pressure on aluminum smelters from climate regulations, and Goldman Sachs Group Inc. foresees "unprecedented" levels of tightness and record prices. The rally's latest trigger is a pandemic lockdown in southern China that's snarling the supply chain. There's also been curbs in the north of the country related to the Winter Olympics, while smelters in Europe have been forced to cut output in recent months amid soaring energy costs (Bloomberg). As noted yesterday, upside moves above the USD 3,236 level will target the USD 3,295 resistance, the futures have traded to a high of USD 3,283 in the Asian session having broken resistance yesterday. Technically bullish and in trend, upside moves above the USD 3,295 level will target the 3,398 and USD 3,516 levels. Downside moves on the 4-hour candle that close below USD 3,232 with the RSI at or below 65.5 (currently 70) will mean P&M are aligned to the sell side, however, corrective moves lower that hold at or below USD 3,203 will support a bull argument, below this level the technical will have a neutral bias. Fractal support is now at USD 3,162, corrective moves below this level will be bearish. **The technical is bullish, if momentum indicators move much higher, we could see further wave extensions within this phase.**

Zinc

The futures have broken to the upside with price following the rest of the base complex higher, the intraday technical is now bullish based on the fractal breakout. Corrective moves lower that close on the 4-hour candle below USD 3,643 with the RSI at or below 51.5 (currently 61) will mean P&M are aligned to the sell side. However, downside moves that hold at or above USD 3,624 will support a bull argument, below this level the technical will have a neutral bias, only below USD 3,588 will it be bearish. Price is now testing the USD 3,692 resistance, above this level price will target USD 3,720 and USD 3,731. Support is at USD 3,654, USD 3,643, and USD 3,624. **Technically bullish based on the new high.**

Nickel

The technical remains neutral/bearish despite the upside move last week. Above USD 23,685 the futures will target the USD 23,888 and USD 24,435 resistance levels, whilst above the fractal resistance at USD 24,350 the technical is bullish. A close on the 4-hour candle below USD 23,108 with the RSI at or below 52.5 (currently 57.5) will mean P&M are aligned to the sell side. Corrective moves that hold at or above the USD 22,807 will support a near-term bull argument, below this level the technical will target the USD 22,425 fractal level. Further support is at USD 21,880. The longer period EMA's (30-60) are slowly starting to point higher, however they remain compressed indicating the market lack trend. **Technically bearish/neutral, the 4-hour EMA's are flat indicating there is a lack of trend in the market.**

Lead

We had previously noted that the technical indicators were conflicting as the trend was bearish, but a positive divergence meant it was not considered a technical sell. Price has now traded above the USD 2,245 level meaning it has created a higher high, the intraday technical is now bullish based on price. The futures are above the longer-term EMA's which are now starting to compress, warning the higher time frame trend could potentially be transitioning to the buy side. The RSI is above 50 but its MA is below 50, warning of a potential pullback; however, the RSI is pointing in an upward trajectory suggesting support levels should hold. A close on the 4-hour candle below USD 2,245 with the RSI at or below 45.5 would mean P&M are aligned to the sell side. Corrective moves lower that hold at or above USD 2,225 will support a bull argument, below this level the intraday price will have a neutral bias. Resistance is at USD 2,287, USD 2,302, USD 2,313 with support at USD 2,245, USD 2,237, and USD 2,225. Technically bullish based on price on the intraday, however the futures remain vulnerable on the daily technical below USD 2,318.