



Base Morning Intraday Note

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

Copper

Copper is higher in early Asian trading as slow production and low inventories support prices of the industrial metal, Fitch Solutions says. High energy prices are raising metal production costs, "leading to production halts and low stocks in global warehouses," it says. "We also see upside risk from the Russia-Ukraine tensions in case sanctions are imposed on Russia," it adds, although U.S. Secretary of State Antony Blinken and Russian Foreign Minister Sergey Lavrov agreeing to meet next week could temper some of the risk. The three-month LME copper contract is 0.4% higher at \$9,964.0 a ton (Bloomberg/wsj). Having spent the bulk of yesterday consolidating the futures have started to move higher with price now testing the USD 10,045 resistance, upside moves above this level will target the USD 10,123 and USD 10,289 levels. Intraday price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 9,914 with the RSI at or below 50.5 (currently 55.5) will mean price and momentum are aligned to the sell side. Downside moves below USD 9,820 will target the USD 9,780 level, further support can be found at USD 9,720, below this level the intraday technical becomes bearish. **Technically neutral, bullish above USD 10,072.**

Aluminum

Requests to withdraw aluminum from warehouses tracked by the London Metal Exchange jumped by 19,500 tons to 289,225 tons, according to data from the bourse. Increase in canceled warrants seen in Malaysia's Port Klang. Cancelled warrants up 11.6% over the past two days LME aluminum prices gain 0.4% to \$3,268.50/ton after the data, erasing earlier loss (Bloomberg). The upside move is now deep into the bear wave with near-term price and momentum aligned to the buy side, upside moves above USD 3,284 will target the USD 3,333 and USD 3,345 resistance levels. A close on the 4-hour candle below USD 3,254 with the RSI at or below 55 (currently 61) will mean intraday price and momentum are aligned to the sell side, below USD 3,224 the futures will target the USD 3,170 and USD 3,108 levels. Price remains within the dominant bear wave; however, the upside move is deep, meaning there is a neutral bias on the market with intraday wave analysis suggesting resistance levels could be tested. **A neutral bias on the technical, but near-term price and momentum supports a bull argument.**

Zinc

We noted yesterday that the futures were technically bearish, but a positive divergence warned of the potential for a momentum slowdown. The futures moved higher with price trading above the fractal resistance at USD 3,627.50, the intraday technical is now bullish, price and momentum are aligned to the buy side. Downside moves on the 4-hour candle that close below USD 3,602 with the RSI at or below 46 (currently 55) will mean price and momentum are aligned to the sell side; however, corrective moves lower that hold out or above USD 3,590 will support a bull argument, below this level the technical will have a neutral bias. Resistance is at 3,661, USD 3,681, USD 3,697 with support at USD 3,611, USD 3,602, USD 3,590. **Technically bullish.**

Nickel

Nickel is nearing its highest since 2011, with the Ukraine crisis adding to upside risks as buyers grapple with what Citigroup Inc. called an "extreme shortage" fueled by rising demand from the electric-vehicle sector. The rapid expansion of nickel's battery market is set to stretch supplies at a time when global inventories are the lowest in more than two years. Investors are also eyeing the standoff between Moscow and the West over Ukraine, with officials from Russia and the U.S. planning to meet next week. Any escalation could complicate flows from Russia, a major nickel producer (Bloomberg). We noted yesterday that there was a potential bearish Gartley pattern in play, however this has failed to materialise with futures trading through our resistance levels to make a new high, the intraday technical is now bullish. Downside moves on the 4-hour candle that close below USD 23,750 with the RSI at or below 54.5 (currently 64) will mean price and momentum are aligned to the sell side. However, corrective moves lower that hold at or above USD 23,550 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 24,431, USD 24,598, USD 24,765 with support at USD 23,792, USD 23,750, and USD 23,550. **Technically bullish.**

Lead

Little changed on the technical from yesterday as we remain in a bullish trending environment, however intraday price and momentum are currently conflicting. A close on the 4-hour candle above USD 2,335 with the RSI at or above 64.5 (currently 62.5) will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 60.5 will mean it is aligned to the sell side. Corrective moves lower that hold at or above USD 2,280 will support a bull argument, below this level the technical will have a neutral bias. The futures are moving sideways signalling a momentum slow down, as the new high has created a negative divergence. This is not a sell signal, but it is warning we could soon enter a corrective phase. Resistance is at USD 2,368, USD 2,379, USD 2,390 with support at USD 2,335, USD 2310, and USD 2,298. Technically bullish the divergence will now need to be monitored.