



Base Morning Intraday Note

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Copper

Russian forces attacked targets across Ukraine after President Vladimir Putin ordered an operation to demilitarize the country, prompting international condemnation and a U.S. threat of further “severe sanctions” on Moscow, sending markets tumbling worldwide. Russia launched a barrage of missile attacks early Thursday, with Ukraine’s Interior Ministry warning that the capital, Kyiv, was being targeted and urging citizens to go to shelters. Ukraine’s border guard said that it was being shelled from five regions, including from Crimea in the south and Belarus to the north (Bloomberg). The futures broke the symmetrical triangle to the downside last night warning the directional bias to the downside; however, it is too early to tell if the downside move will hold due to market uncertainties, metal inflation will now be an issue warning the downside breakout could fail. Price is already testing the base of the symmetrical triangle, if we close back inside it then the breakout will have failed, and the pattern should be ignored. With the daily pivot levels in a cluster, price and momentum are currently giving false signals, the futures have broken fractal support at USD 9,820 but the technical remains neutral/bullish, only below USD 9,720 is it bearish. Resistance is at USD 9,988, USD 10,045, USD 10,123 with support at USD 9,780, USD 9,720, and USD 9,680. The downside breakout in the symmetrical needs to be monitored.

Alu

Aluminium rallied to a record in London, exceeding its 2008 peak, as the deepening Ukraine crisis added to supply risks in a market already seeing critical shortages of the most widely used base metal. U.S. President Joe Biden warned that Russia faces “severe sanctions” after his counterpart Vladimir Putin ordered a military attack on Ukraine. That raises the possibility of measures that could affect Russian supplies of aluminium as well as other commodities from oil to nickel (Bloomberg). As noted yesterday the futures had produced a negative divergence warning that we had the potential for a momentum slowdown, providing Russia do not produce further attacks in the Ukraine. Unfortunately, they have, resulting in the futures moving higher, meaning the divergence which is still marginal should be ignored. The technical is bullish, intraday price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 3,286 with the RSI at or below 58.5 (currently 66) will mean P&M are aligned to the sell side. Corrective moves lower that hold at or above USD 3,298 will support a bull argument, below this level the pullback will be considered as deep, meaning the technical will be considered as neutral, only below USD 3,252 will the technical be considered as bearish. Resistance is at USD 3,398, USD 3,477, USD 3,576 with support at USD 3,336, USD 3,320, and USD 3,298. Technically bullish.

Zinc

Having taken the technical into neutral territory two days ago the futures came under pressure yesterday; however, the escalation of aggression in the East has resulted in the futures moving higher on the open. Intraday price and momentum are aligned to the buy side, but the candle is still open, a close above USD 3,588 with the RSI at or above 49.5 (currently 50) will mean P&M are aligned to the buy side. Likewise, a close below this level with the RSI at or below 45.5 will mean it is aligned to the sell side. Technically we remain bearish but due to the recent rally off the back a positive divergence and the U.S putting Zinc on the critical list yesterday, alongside the war in Ukraine it is very hard to put a bear argument forward at this point. Resistance is at USD 3,615, USD 3,628, USD 3,649 with support at USD 3,588, USD 3,575, and USD 3,564.

Nickel

The spot nickel price on the London Metal Exchange reached its highest level in a decade this week amid concerns sanctions could disrupt supply from Russia. Nickel breached \$25,000 per metric ton and is now up almost 20% since the start of the year. While Russia's share of global nickel supply is just 11%, companies such as Nornickel produce higher quality Class 1 products, which are essential for batteries and specialty applications such as electroplating. Bloomberg NEF estimates Russia's share of global Class 1 nickel supply is 17% (Bloomberg). Like the rest of the base complex, we have seen the futures rise since the escalation in the Ukraine. Price has traded to a new high any divergence that was potentially in play is now marginal at best and should be ignored, the trend remains technically bullish, longer-period EMA's are well spaced indicating the trend is currently stable, supported by the RSI above 50. Downside moves on the 4-hour candle that close below USD 24,518 with the RSI at or below 62 (currently 69) will mean price and momentum are aligned to the sell side; likewise, downside moves that hold at or above USD 23,579 will support a bull argument, below this level the technical will have a neutral bias. Technically bullish, intraday Elliott wave analysis would suggest that corrective moves lower should be considered as countertrend at this point. Resistance is at USD 25,180, USD 25,353, USD 25,395 with support at USD 24,518, USD 24,249, and USD 23,965. Technically bullish.

Lead

The futures had already entered back into bull territory yesterday with the break in fractal resistance. Price is now testing the USD 2,355 high, above this level we will target the USD 2,370, USD 2,391 and USD 2,411 resistance levels. Intraday Elliott wave analysis would indicate that corrective moves lower will be considered as countertrend. A close on the 4-hour candle below USD 2,342 with the RSI at or below 53.5 (currently 58) will mean P&M are aligned to the sell side. Technically bullish with support at USD 2,312, USD 2,299, and USD 2,281.