



# Base Morning Intraday Note

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## Copper

Goldman Sachs forecast copper will rally to record USD 12,000 a ton, are at acutely low levels with the market mispricing Russia supply risk (Bloomberg). The futures remain bullish above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside. A close on the 4-hour candle below USD 10,357 with the RSI at or below 62 (currently 68) will mean price and momentum are aligned to the sell side; however, corrective moves lower that hold at or above USD 10,067 will support a bull argument, below this level the technical will have a neutral bias. The RSI is making new highs suggesting that downside moves should be considered as countertrend at this point with support at USD 10,357, USD 10,290, and USD 10,195. Upside moves above USD 10,594 will target the USD 10,706 and USD 10,800 resistance levels.

## Alu

Aluminium and nickel futures continue to rise as fears of supply disruption persist, amid the continued pullback of big corporations doing business with Russia, ANZ says. Alcoa, the largest aluminium producer in the U.S. had said it will stop selling products to Russian companies and halt purchase of raw materials from the country, ANZ notes. The three-month forward LME aluminium contract rises 2.6% to \$3,812.50 a metric ton while the three-month forward nickel contract climbs 2.5% to \$27,565.00 a ton (Bloomberg). The futures remain in a bullish impulse wave 3 with price above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside. Based on our momentum indicators downside moves should be considered as countertrend, a close on the 4-hour candle below USD 3,705 with the RSI at or below 67.5 (currently 78) will mean price and momentum are aligned to the sell side. Corrective moves lower that hold at or above USD 3,522 will support a bull argument, below this level the technical will have a neutral bias. Price is now 11.5% above the 60-period EMA meaning we have a mean reversion gap forming, warning the futures are vulnerable to a technical pullback. Upside moves above the USD 3,860 will target the USD 3,951 and USD 4,069 resistance levels. Support is at USD 3,705, USD 3,660, and USD 3,602. Technically bullish, the mean reversion gap at 11.5% leaves the futures vulnerable to a technical pullback.

## Zinc

Zinc reached its highest since 2007 and aluminium surged to a fresh record, as industrial metals extended a rally fuelled by trade turmoil and the increasing economic isolation of Russia. Prices for zinc, used to coat and protect steel, rose as much as 3.5% on the London Metal Exchange to reach \$4,028 a ton, while nickel surged more than 8% and copper closed in on an all-time high. Commodities markets from metals to oil and gas have been upended by the war in Ukraine as big corporates withdraw from Russia, lenders pull back from financing deals and the threat of new sanctions deters buyers. Bloomberg's gauge of commodity prices reached an all-time high on Wednesday (Bloomberg). Like the rest of the base complex the futures are above all key moving averages supported by the RSI above 50 with the futures on a bullish impulse Elliott wave 3, intraday price and momentum are conflicting. A close on the 4-hour candle below USD 3,956 with the RSI at or below 70 (currently 73) will mean P&M are aligned to the sell side. Likewise, a close above this level with the RSI at or above 74.5 will mean it is aligned to the buyside. Upside moves above USD 4,028 will create a minor negative divergence with the RSI warning of the potential for a momentum slowdown, further resistance is at USD 4,123 and USD 4,276. Downside moves that hold at or above USD 3,775 will support a bull argument, below this level the technical will have a neutral bias. Support is at USD 3,956, USD 3,881, and USD 3,775. Technically bullish, there are warning signs we could see a technical pullback, the Elliott wave cycle would suggest corrective moves lower will be countertrend.

## Nickel

Technically bullish and in trend supported by the RSI above 50, intraday price and momentum are aligned to the buy side. Elliott wave analysis would suggest that downside moves should be considered as countertrend at this point. A close on the 4-hour candle below USD 27,002 with the RSI at or below 66.5 (Currently 70) will mean price and momentum are aligned to the sell side; however, corrective moves lower that hold at or above USD 25,294 will support a bull argument, below this level the technical will have a neutral bias. The futures have now created a minor negative divergence with the RSI warning we have the potential for a momentum slowdown. Resistance is at USD 28,662, USD 29,082, USD 29,525 with support at USD 27,002, USD 26,443, and USD 25,950. Technically bullish with downside moves considered as countertrend, the minor divergence will need to be monitored as it is warning we could see some profit taking into the weekend.

## Lead

We noted yesterday that the futures had the potential to create a negative divergence with the RSI above USD 2,435 and this has been the case. Price has traded to a high of USD 2,437 with the futures now starting to consolidate. Price is above the daily pivot (USD 2,418) but does not have RSI support at this point, intraday price and momentum are conflicting. A close above this level with the RSI at or above 62.5 (currently 61.5) will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 58 will mean it is aligned to the sell side. Technically bullish and in trend with the longer period EMA's (30-60) are well space, indicating the trend is stable, however lower timeframe Elliott wave analysis is warning the futures are vulnerable to a technical pullback. Resistance is at USD 2,440, USD 2,477, USD 2,523 with support at USD 2,418, USD 2,384, and USD 2,373. Technically bullish the futures are looking vulnerable to a technical pullback.