



# Base Morning Intraday Note

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

## Copper

Industrial metals from copper to steel retreated on fears that China's efforts to tackle coronavirus flare-ups in major cities will spell trouble for the country's fragile economic recovery. China placed Shenzhen -- a trading-to-technology hub with 17.5 million residents -- into lockdown for at least a week, while Shanghai is already restricting travel into the city. Stringent anti-virus measures will make it harder for Beijing to hit its economic growth target in 2022, Nomura Holdings Inc. said. Investors are growing more skeptical about China's demand recovery amid the resurgence of Covid-19 cases, said Jia Zheng, a trader at Shanghai Dongwu Jiuying Investment Management Co. Government stimulus also hasn't triggered a notable pickup in manufacturers' sales orders so far, she said (Bloomberg). Asian stocks alongside iron ore have weakened overnight, copper is USD 133.50 lower at USD 10,050. Technically nothing has changed, price is neutral bullish above USD 9,794 and bearish below, intraday price and momentum are aligned to the sell side. Upside moves on the 4-hour candle that close above USD 10,200 with the RSI at or above 49 (currently 45) will mean price and momentum are aligned to the buyside, above USD 10,337 the futures will target the USD 10,486 resistance. Near-term support is at USD 10,018, USD 9,947, and USD 9,794.

## Alu

Alu is proving to be more resilient than copper this morning after LME inventories fell to a 15-year low (755,950 mt) last week (SMM). The futures are USD 23 lower at USD 3,460 with the trend neutral/bullish, intraday price and momentum are aligned to the buyside. A close on the 4-hour candle below USD 3,461 with the RSI at or below 43.5 (currently 47) will mean it is aligned to the sell side. Above USD 3,557 we target the USD 3,811 level, however below this level we continue to remain vulnerable to a technical pullback. Downside moves below USD 3,300 will target the USD 3,108 support. Technically neutral bullish the futures are currently moving sideways to slightly lower.

## Zinc

The United States PPI monthly rate for February, US Fed's interest rate decision on March 16, the annualised new house starts in the United States in February, the eurozone ZEW economic climate index in March, the EU CPI monthly rate for February remain as the market focus. There will be no Chinese economic readings this week. In terms of events, the Fed will announce the interest rate resolutions this Thursday. The Fed Chairman Powell will hold a press conference on monetary policy and the European Central Bank President Lagarde will make a speech. For LME zinc, the overseas market needs to concern about the sanctions imposed on Russia by the West and Russia's countermeasures. In addition, the increasing rate hike decided by the Fed meeting in March and the subsequent rate hikes. So, it can be predicted that many uncertain events in March will make it harder for zinc transactions. Without assumption of further developments between Europe and Russia, the prices of gas and electricity would remain strong until the energy issues are solved in Europe. The EU's speeches and the resumption of Nyrstar may be the inflection for the market. Overall, LME zinc needs to be taken with caution. Fluctuation may occur in short term. LME zinc prices are expected to stand at \$3750- 4000/mt (SMM). Like the rest of the base complex the trend is neutral/bullish supported by the longer period EMA's (30-60) which are now flat, intraday price and momentum conflicting. A close on the 4-hour candle above USD 3,840 with the RSI at or above 49 (currently 47) will mean P&M are aligned to the buyside. Likewise, a close below this level with the RSI at or below 44.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 4,518 remain vulnerable to further tests to the downside, above this level the futures will target the USD 4,896 high. Resistance is at USD 4,209, USD 4,340, USD 4,518 with support at USD 3,834, USD 3,600, and USD 3,546. Bullish neutral, price is consolidating around the USD 3,834 Fibonacci support.

Nickel

Market closed

Lead

The move in lead on Friday possibly went quietly unnoticed but could prove to be the most significant move in the base market since the 08/03/22. Why? The downside move below USD 2,305 means that the intraday Elliott wave 3 that started on the 04/02/22 has failed due to the futures making a lower low. We highlighted last week our concerns over the intraday Elliott wave count as the upside wave 3 had been driven by short covering, rather than a slow steady investor trend. The significance with the wave failure is simple, if one has failed, all can fail. The intraday technical is now bearish with price and momentum aligned to the sell side, a close on the 4-hour candle above USD 2,334 with the RSI at or above 46 (currently 42) will mean price and momentum are aligned to the buy side. Corrective moves higher that fail at or below USD 2,391 will remain vulnerable to further tests to the downside, above this level the futures will target the USD 2,437 fractal resistance. Support is at USD 2,291.5, USD 2,262, and USD 2,220. Technically bearish, the move below USD 2,305 could be significant to the rest of the sector.

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