



Base Morning Intraday Note

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Copper

Creditors to Yanggu Xiangguang Copper Co., one of China's biggest copper smelters, have stopped providing more loans over concerns about its ability to repay, according to people familiar with the matter. The lenders of Xiangguang include Chinese and foreign banks, said the people, who asked not to be named as the information is private. The creditors are in discussions with Xiangguang on solutions, the people said. However, Beijing issued a strong promise for policies to boost financial markets and stimulate economic growth as it responded to a market sell-off over risks from the property market, overseas listings, and internet companies (Bloomberg). The comments by the Chinese government have created a risk on appetite this morning resulting in iron ore rallying USD 11.00 from yesterday's close whilst copper is USD 118 higher at USD 10,022. If the market had been left to its own devices the USD 9,794 support would likely have been broken, taking the futures into neutral territory. However, support has held, price is above its short period averages whilst price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 9,896 with the RSI at or below 40.5 (currently 47.5) would mean price and momentum are aligned to the sell side with further support at USD 9,820 and USD 9,794. Resistance is at USD 10,259, USD 10,337, and USD 10,355.

Alu

Aluminum prices rise slightly in early Asian trade, as supply concerns caused by the Russia-Ukraine war begin to ease. Worries over supply have started to wane after the European Union said it excluded aluminum and other base metals from its latest set of export restrictions on Russia, ANZ says. The three-month forward LME aluminum contract rises 0.2% to \$3,284 a ton (Bloomberg). Alongside the comments out of China regarding economic stabilization, we are seeing prices move higher this morning with the futures up around 2% at USD 3,345. Price and momentum are conflicting, a close on the 4-hour candle above USD 3,292 with the RSI at or above 45.5 (currently 45) will mean it is aligned to the buy side. Likewise, a close below this level with the RSI at or below 41 will mean it is aligned to the sell side. Technically neutral the futures are looking supported on the open, resistance is at USD 3,351, USD 3,392, USD 3,447 with support at USD 3,292, USD 3,219, and USD 3,108.

Zinc

The futures continue to flatline which is causing the daily pivot points to cluster, meaning price and momentum indicators could be unreliable until we see a push in either direction. This is supported by flat moving averages which would also indicate there is a lack of trend in the market, technically we remain neutral within a bullish environment. Resistance is at USD 4,184, USD 4,320, USD 4,504 with support at USD 3,736, USD 3,546, and USD 3,504.

Nickel

The world's main nickel market reopens Wednesday, a week after the London Metal Exchange stepped in dramatically to defuse a runaway short squeeze. Most traders say they expect prices are more likely to drop than to spike again -- but either way, they're getting ready for fireworks. Nickel was suspended on March 8 after prices rose 250% in little more than 24 hours, largely as metals tycoon Xiang Guangda struggled to pay massive margin calls to his banks and brokers. The squeeze -- and the LME's unprecedented decision to cancel several hours' worth of trades -- has roiled the global metals industry and sparked heated criticism of the exchange (Bloomberg). The market open in 17 mins, based on the rest of the base complex over the last week one would expect to see the futures lower. If it is, the buy side of the market will be screwing, as it will signal that it is no longer a free market, where bad risk management gets rewarded.

Lead

Technically bearish, the futures have moved higher this morning alongside the rest of the base complex, intraday price and momentum are conflicting as the RSI still needs to move a little higher. A close on the 4-hour candle above USD 2,260.50 with the RSI at or above 40.5 (currently 40.2) will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 36 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,371 will remain vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Key fractal resistance is at USD 2,437, if we trade through this level the technical is bullish. Resistance is at USD 2,311, USD 2,336, USD 2,371 with support at USD 2,230, USD 2,220, and USD 2,161.