



Base Morning Intraday Note

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Copper

Copper is among commodities that stand to benefit indirectly from Russia's invasion of Ukraine, with the war set to accelerate strategic stockpiling and the reversal of globalization, says Canaccord Genuity analyst Dalton Baretto. Since the invasion, copper prices have posted modest gains compared with other industrial commodities more dependent on Russian supply. Russia accounts for about 4% of global copper supply compared with 36% for palladium and 7% for nickel. But in a "bipolar world," Canaccord expects fierce competition to lock up commodity supplies; as well as significant supply-chain realignment as companies and countries move to lower supply risk, Baretto said in a presentation (Bloomberg). As noted on the close report yesterday the technical was bullish but needs to do more convince. The futures failed to produce a bullish technical close yesterday, but price has opened and moved higher in the Asian session, price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 10,336 with the RSI at or below 50 (currently 57.5) will mean price and momentum are aligned to the sell side. If the futures can hold and close above the USD 10,369 high from the 28/03, then the daily technical will produce the bullish close that then has the potential to put the futures above the USD 10,505 fractal resistance on the daily technical. Downside moves below USD 10,271 will warn the USD 10,166 fractal support could be tested. The daily technical is now hooking higher off the short-term EMA's (3-15) supported by a bullish RSI on both the daily and intraday technical. Resistance is at USD 10,505, USD 10,589, USD 10,764 with support at USD 10,336, USD 10,166, and USD 10,052. Technically bullish.

Alu

Aluminium regained some of Tuesday's slump that saw it fall almost 5%, with traders again focused on continued supply threats even after signs of Russia reining in its attack on Ukraine. Metals joined a broad retreat for commodities on Tuesday after Russia offered to "fundamentally cut back" military operations in northern Ukraine. But there's skepticism that this will lead either to a solid resolution of the conflict, or an end to uncertainty over raw materials supplies. A person close to the Kremlin said Moscow's pledge doesn't mean a cease-fire or complete withdrawal of troops from around the capital, Kyiv. The U.S. also cautioned about declaring progress (Bloomberg). A strong downside move in the futures broke fractal support on the back of a futures unwind, resulting in the intraday technical entering bear territory. However, key support on the daily chart is at USD 3,397, downside moves that hold at or above this level will support a longer-term bull argument, below this level the daily technical will have a neutral bias. The futures traded to a low of USD 3,404.50 before rallying a little in the Asian session, intraday price and momentum is still aligned to the sell side. Upside moves on the 4-hour candle that close above USD 3,505 with the RSI at or above 54.5 (currently 46) will mean price and momentum are aligned to the buy side; likewise, upside moves that fail at or below USD 3,573 will leave the technical vulnerable to further tests to the downside. Key fractal resistance is at USD 3,660 on the intraday technical, upside moves above this level will put price back in bullish territory. Resistance is at USD 3,505, USD 3,573, USD 3,660 with support at USD 3,397, USD 3,331, USD 3,219. Holding in bull territory on the daily chart, we now need to see price and momentum become aligned to the buy side and trade above the USD 3,573 level.

Zinc

The futures did sell lower yesterday on the news that there had been some small progress in the peace talks in the Ukraine. Price traded down to the longer period EMA's on the intraday chart before finding support, a rally on the Asian open had put price above the daily pivot point but intraday price and momentum are conflicting. A close on the 4-hour candle above USD 4,072 with the RSI at or above 59.5 (currently 58.5) will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 55.5 will mean P&M are aligned to the sell side. Downside moves that hold at or above USD 3,976 will support a bull argument, below this level the technical will have a neutral bias, upside moves above USD 4,134.5 will warn the USD 4,195 resistance could be tested. Support is at USD 4,072, USD 3,976, and USD 3,934. The technical is bullish but momentum based on price remains weak in what looks more like an upside consolidation at this point.

Nickel

The futures moved lower on light volume as market participants remain on the side-lines after the aftermath of LME's handling of the historic short squeeze in the market. Technically the market has been hard to read due to price being limit up or limit down; however, when we look at daily technical, we can see price is moving back to its moving average band after a 3-day decline. If we close below the USD 28,800 level then we could see the USD 26,675 support being tested; likewise, if we close above USD 32,990 then I guess it is another round of limit up sessions. Technically, it is all a bit of a mess still.

Lead

We did see a test to the downside on the intraday technical yesterday with price briefly trading below the daily pivot point. The futures immediately found buying support with the futures closing higher on the day, price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 2,377 with the RSI at or below 56 (currently 62) will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,319 will support a bull argument, below this level the futures will target the USD 2,281.5 support. The longer-term technical remains bearish below USD 2,437 and bullish above. Resistance is at USD 2,437, USD 2,450, USD 2,509 with support at USD 2,377, USD 2,350, and USD 2,337. Bearish neutral.