



# Base Morning Intraday Note

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## Copper

Copper and aluminium fell along with most base metals in London as global inflation concerns and Covid-19 flareups in China weighed on the outlook for demand. China's factory gate prices rose more than expected in March as oil prices climbed, putting pressure on manufacturers who are already struggling to operate amid repeated Covid outbreaks. Virus infections in Shanghai, the country's financial centre that accounts for 3.8% of the country's gross domestic product, hit new records amid an extended lockdown of the city's 25 million people. The lockdowns threaten to exacerbate supply-chain snarls, further stroking costs and hitting consumer spending and manufacturing demand. Inventories of primary aluminium in China, the world's top producer and consumer of the most widely used metal, are expected to rise further after Covid-19 restrictions hit demand while output rose, researcher Shanghai Metals Market said (Bloomberg). The upside move on Friday failed to hold resulting in the futures coming under pressure in the opening Asian session. Price is below the longer period intraday EMA's which are flat and compressed, indicating a lack of a short-term trend, price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 10,349 with the RSI at or above USD 49.5 (currently 44) will mean price and momentum are aligned to the buy side, above USD 10,414.5 the intraday technical will be bullish, further resistance is at USD 10,440 and USD 10,580. Price is again testing the daily EMA support band which remains stable and well-spaced, the daily technical is bullish but continues to consolidate. Support is at USD 10,166, USD 10,047, and USD 9,963.

## Alu

Primary aluminium output in China, which supplies over half of world's total, increased last month and may rise further in April, researcher Shanghai Metals Market said, citing its monthly survey of smelters. March output at 3.315m tons, or 106.9kt/daily, up 1.7kt/daily on month as smelters resumed idled capacity, started new units. Output may rise further to 3.32m tons in April. With Covid-19 restrictions hitting aluminium supply chains and demand, domestic Aluminium inventories may rise to 1.1m tons by end of April (SMM). The futures continue to come under pressure with the intraday EMA bands now starting to fan to the downside, the trend is bearish based on price but not yet stable as the futures are testing the base of the daily EMA support band. If we close below and hold below the USD 3,318 level it will further support a bear argument. A close on the 4-hour candle above USD 3,384.5 with the RSI at or above 44 (currently 37) will mean price and momentum are aligned to the buy side. The RSI is below 50, price and making lower lows meaning the USD 3,318 is a key short-term support level to follow. Upside moves that fail at or below USD 3,406 will leave the futures vulnerable to further tests to the downside, above this level price will target the USD 3,427.5 fractal resistance which will take the intraday price into bullish territory. The daily technical is bullish with a neutral bias, downside moves below USD 3,331 will target the USD 3,219.5 and USD 3,087 support levels.

## Zinc

The futures held the intraday EMA support band on Friday, but the pullback is classed as deep, meaning the futures have a neutral bias. The upside move back above the support band has put price above the daily pivot point, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 4,249 with the RSI at or below 49.5 (currently 54.5) will mean price and momentum are aligned to the sell side. Above USD 4,320 would mean the intraday technical is bullish, further resistance is at USD 4,360 and USD 4,435. Downside moves below USD 4,150 will target the USD 4,103 support level, only below USD 4,013 is the intraday technical bearish. Technically bullish but with a neutral bias, the well space support bands are warning the futures could soon trade above the USD 4,320 fractal resistance to enter bull territory.

## Nickel

The futures continue to show little price movement, the flat intraday moving averages indicate a lack of trend in the market.

## Lead

The futures moved higher on Friday to trade above the USD 2,423 fractal resistance, signalling buy-side momentum is improving; however, the futures have come under pressure on the Asian open meaning price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 2,404 with the RSI at or above 53 (currently 48.5) will mean it is aligned to the buy-side. Downside moves that hold at or above USD 2,331 will support a bull argument, below this level the futures will have a neutral bias, only below USD 2,281.5 is the intraday technical bearish. The EMA support band is flat with the EMA's starting to flatten, indicating an air of neutrality based on the averages, the bull trend at this point is not stable. Resistance is at USD 2,404, USD 2,425, and USD 2,453.5.