



# Base Morning Intraday Note

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

## Copper

Copper fell to the lowest level in more than two months after the dollar spiked following a dovish statement from the Bank of Japan. A Bloomberg gauge of the greenback climbed as much as 0.7% to trade at the highest since May 2020 after the BOJ doubled down on its bond-buying operations to keep a lid on rising yields. A stronger dollar makes commodities more expensive for other currency holders. Base metals have fallen from a March record after the U.S. Federal Reserve's move toward more rate hikes and China's stringent Covid-zero policy damped the demand outlook for commodities. Cities across China, the top metals consumer, are rolling out swift measures from mass-testing drives to lockdowns for just a mere handful of Covid-19 cases, aiming to keep flareups at bay and avoid the economic and social hardship endured by Shanghai (Bloomberg). The futures have moved lower on the Asian open with price trading to a low of 9,750, meaning the positive divergence that we had previously highlighted is now in play, not a buy signal it warns we have the potential to see a momentum slowdown. Price is below all key moving averages with intraday price and momentum conflicting. A close on the 4-hour candle above USD 9,856 with the RSI at or above 42 (currently 40.50) would mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 38 will mean it is aligned to the sell side. Technically bearish but not considered a technical sell at these levels. Resistance is at USD 9,856, USD 9,941, USD 9,992.50 with support at USD 9,750, USD 9,680, and USD 9,458.

## Alu

Aluminium extended a rebound from the lowest close in almost three months as investors weighed the demand outlook in the world's top consumer after Beijing stepped up pledges to support its Covid-battered economy and global inventories depleted further. China's State Council pledged to promote the growth of internet platform firms and give cash handouts to poor people who have lost their jobs, stepping up efforts to bolster an economy that is under threat from Covid-19 outbreaks. Officials have already committed to more infrastructure projects and signalled further support from monetary policy. Meanwhile, some Chinese aluminium fabricators are replenishing inventories ahead of the Labour Day holiday starting this weekend, which may lead to a withdrawal of aluminium ingots, Everbright Futures Co. wrote in a note. Globally, inventories at warehouses tracked by the London Metal Exchange -- which are at the lowest since 2005 -- fell further, pointing to a worsening supply stress (Bloomberg). Rebound is a strong word here; the futures are basing with price moving slightly higher on the back of the positive divergence highlighted yesterday. Upside moves that fail at or below USD 3,219 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Intraday price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 3,088 with the RSI at or below 36 (currently 41) will mean it is aligned to the sell side. Price is below the EMA resistance band on the intraday with the averages well-spaced, suggesting the trend is stable; however, the divergence means the futures although bearish are not considered a technical sell at these levels. Resistance is at USD 3,143, USD 3,175, USD 3,219 with support at USD 3,088, USD 3,069, and USD 3,045.

## Zinc

The intraday technical remains bearish with price continuing to move sideways to slightly higher, intraday price and momentum are aligned to the buy side. Technically little has changed in the last few days, the daily futures continue to hold above their EMA support band, meaning price is not considered a technical sell at these levels. The daily RSI is above 50 whilst the stochastic is in oversold territory, momentum is warning that we are vulnerable to a test to the upside. Neutral based on price, the daily EMA's and momentum are warning we could see a move to the upside soon. Resistance is at USD 4,267, USD 4,308, USD 4,364 with support at USD 4,221, USD 4,152, and USD 4,135.

## Nickel

Another day of little volume and no movement – Neutral

## Lead

We had the futures in divergence yesterday with price testing weekly support levels, indicating the futures were not considered a technical sell at these levels. Price has moved lower with the intraday divergence now failing, price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 2,302 with the RSI at or above 44.5 (currently 40.5) will it is aligned to the buy side; upside moves that fail at or below USD 2,324 will leave the futures vulnerable to further tests to the downside, above USD 2,350 the intraday technical is bullish. Technically bearish with the divergence having failed, we remain cautious here as price is in the weekly support band, making it a dangerous area to enter from the sell side. Resistance is at USD 2,302, USD 2,313, USD 2,324 with support at USD 2,278, USD 2,230.50, and USD 2,183.