



Base Morning Intraday Note

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

Copper

Going into the close last night the futures came under pressure again with price trading to a low of USD 9,675, the driving force had been continued strength in the USD basket which has rallied for 6 consecutive sessions with price nearing the highs from 2017. We have seen some light relief on the open as the greenback has moved lower whilst the divergence on the intraday copper futures has come into play. The trend remains technically bearish with price below the EMA resistance bands, an upside move on the open means intraday price and momentum are aligned to the buy side. However, the candle is still open and will need confirmation with a close above USD 9,753 (currently 9,852) and the RSI at or above 40.5 (currently 43.5). A close below this level with the RSI at or below 36 will mean it is aligned to the sell side. Upside moves above USD 9,941 will create an intraday high, meaning we are bullish based on price; however, the futures will remain below the EMA resistance bands, warning the futures really need to trade above and hold above the USD 9,992 and USD 10,060 resistance levels. Support is at USD 9,753, USD 9,675, and USD 9,458. Technically bearish but not considered a technical sell at this point.

Alu

Aluminum is headed for its worst monthly loss since the financial crisis in 2008 and copper's gains for this year have been wiped out, as demand for base metals is dampened by the U.S. Fed's monetary policy tightening and China's Covid battles. Aluminum, the most widely used base metal, closed at the lowest level in almost three months on Thursday and has plunged 13% during April, the most among its peers. Prices have retreated from a record high in early March when an unprecedented short squeeze on nickel drove a rally across raw materials. Concerns around tightening U.S. monetary policy, the war in Ukraine and China's Covid outbreaks all herald more challenges for investors across the markets (Bloomberg). We have a near identical pattern to copper on the technical except the upside move this morning has not been enough to put price above the daily pivot point. The trend is technically bearish with the futures below the EMA resistance bands, however yesterday's low has created a positive divergence with the RSI meaning the futures are not considered a sell at these levels at these levels. A close on the 4-hour candle above USD 3,058 with the RSI at or above 38.5 (currently 36.5) will mean price and momentum are aligned to the buy side. Upside moves above USD 3,117 will create a higher high, meaning the futures are bullish based on price but we will remain below the EMA resistance band, indicating the futures will need to close above and hold above the USD 3,161 and USD 3,203 levels for the market to gain confidence the trend is turning to the buy side. Support is at USD 3,020, USD 2,986, and USD 2,942. Technically bearish but not a technical sell due to the positive divergence.

Zinc

The futures did move lower yesterday on the strengthening U.S. dollar, resulting in price creating a positive divergence with the RSI, not a buy signal it does warn that we have the potential to see a momentum slowdown. A close on the 4-hour candle above USD 4,166 with the RSI at or above 43 (currently 40) will mean price and momentum are aligned to the buy side. Price is below the EMA resistance band, but the averages are compressed, indicating the trend is not stable. The daily technical is still trading in the support band which is starting to flatten; however, well-spaced averages would imply that futures remain supported at this point, making it a higher risk entry for market sellers. Upside moves above USD 4,273 will create a higher high, meaning the futures are bullish based on price, a close above USD 4,275 will put price above the intraday resistance band. A close above USD 4,334 will be above the dominant bear candle from the 25/04, suggesting the intraday trend has transitioned to the buy side. Support is at USD 4,107, 3,989, and USD 3,884. The intraday divergence with price in the daily support band is indicating the futures are vulnerable to a test to the upside.

Nickel

Top-20 brokers on the Shanghai Futures Exchange registered aggregate net-short positions of 5,244 copper contracts across front 4 months today, according to data on the exchange's website. Net-long nickel positions amounted to 2,471 contracts (Bloomberg). The futures moved marginally lower yesterday but remain neutral.

Lead

The futures continued to move lower yesterday with price trading down to USD 2,250. An upside move on the Asian open means that intraday price and momentum are aligned to the buy-side; however, the candle remains open, a close on the 4-hour candle above USD 2,266 (currently USD 2,284) with the RSI at or above 39 (currently 39.08) will mean price and momentum are aligned to the buy-side. Likewise, a close below this level with the RSI at or below 34.5 will mean it is aligned to the sell side. The trend remains technically bearish with key resistance at USD 2,315, above this level the futures will have a neutral bias, below it we remain vulnerable to further tests to the downside. Resistance is at USD 2,299, USD 2,315, USD 2,350 with support at USD 2,266, USD 2,250, and USD 2,230.50.