



Base Morning Intraday Note

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Copper

Copper led base metals higher after a less hawkish-than-expected Federal Reserve aided sentiment and investors bet on a demand recovery in China as markets reopened after holidays. The U.S. central bank raised its benchmark rate by half a percentage point on Wednesday, but Fed Chair Jerome Powell surprised many investors by saying a 75-basis-point hike wasn't being considered. That buoyed the demand outlook for industrial metals and pushed down the dollar, making commodities priced in the U.S. currency cheaper for some buyers. Beijing is expected to take more steps to cushion its economy after top leaders vowed to meet growth targets without compromising the Covid Zero policy. Chinese copper inventories plunged 31% last week, in a sign that demand is expected to improve, and, while Shanghai's exit from its lockdown has been delayed, there are expectations it will get back to normal soon (Bloomberg). Technically bearish with the positive divergence still in play the futures have moved over USD 250 higher on the back of the Fed meeting. The trend has a neutral bias with price in the EMA resistance band, intraday price and momentum are aligned to the buyside. Upside moves above USD 9,900 will create a higher high indicating the futures will be bullish based on price, this will put the futures above the EMA resistance band, further supporting a bull argument. Downside moves that close on the 4-hour candle below USD 9,467 with the RSI at or below 33.5 (currently 47) will mean price and momentum are aligned to the sell side. Technically bearish, the daily futures look like they are in the process of completing an island reversal pattern with the bearish Gap now closed, if this pattern is confirmed then resistance levels should come under pressure. Resistance is at USD 9,793, USD 9,900, USD 9,941 with support at USD 9,467, USD 9,403, and USD 9,375.

Alu

As previously noted, the intraday futures were in a bearish trending environment below all key moving averages but had a positive divergence in play with price trading in the weekly EMA support band. The futures found buying support prior to the Fed rate hike yesterday resulting in price and momentum becoming aligned to the buyside. Upside moves that fail at or below USD 3,052 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Key fractal resistance remains unchanged at USD 3,135, if the futures trade above this level the intraday technical is bullish, it will also put price above the EMA resistance band. A close on the 4-hour candle below USD 2,949 with the RSI at or below 34 (currently 44) will mean price and momentum are aligned to the sell side. The technical is still bearish, we are seeing buying support on the weakening USD basket but need to see more from here to enter bull territory. Resistance is at USD 3,052, USD 3,082, USD 3,135 with support at USD 2,949, USD 2,891.5, and USD 2,824.

Zinc

Like the rest of the base complex, we are seeing buying support on the Asian open with the futures trading in the Fibonacci resistance zone. Price is below the EMA resistance band, but intraday price and momentum are aligned to the buyside. Upside moves that fail at or below USD 4,129 remain vulnerable to further downside moves, above the level the technical will have a neutral bias, whilst above USD 4,273 it will be bullish. A close on the 4-hour candle below USD 3,932 with the RSI at or below 31 (currently 43) will mean price and momentum are aligned to the sell side. The futures have gapped higher on the open with price trading back in the daily support band, a close above yesterday high (USD 3,980) will further support a bull argument, warning key resistance levels could be tested. The futures do need to move higher to convince the trend could be transitioning to the buyside, it is worth noting that price is above the 1-hour EMA resistance band, suggesting this transition has potentially already started. Resistance is at USD 4,062, USD 4,129, USD 4,182 with support at USD 3,932, USD 3,890, and USD 3,852.

Nickel

A slump in the price of copper and nickel in the past week is of little concern to the world's biggest mining company, BHP Group, which sees supportive supply-demand trends as "here to stay." Metal prices have retreated of late amid concerns that demand from top consumers may slow on the back of aggressive monetary tightening and Covid flareups in China "We don't get too concerned about the volatility that we see on any given day," BHP President Minerals Americas Ragnar Udd said in an interview "We believe that the trends that we see are for the long term and that they are here to stay". In the clean energy transition, the world is expected to need twice as much copper in the next 30 years as it has in the last 30 years, and four times for nickel, he said (Bloomberg). Price moved lower yesterday but remains in the daily EMA resistance band, with the rest of the base complex moving higher we could see bid support on the open. Movement remains limited whilst volumes are low.

Lead

LME futures opened at \$2,267/mt and stabilized during the Asian trading hours, before trading lower to \$2,253/mt during the European trading hours, before rising to \$2,324/mt and closing at \$2,290/mt, up 1.53%, after LME suspended Russian lead warrants. The open interest increased by 387 lots from the previous day to 11,300 lots (SMM). A strong upside move yesterday has put price in the EMA resistance zone, the intraday futures have a neutral bias, above USD 2,349 the technical is bullish based on price. A close on the 4-hour candle below USD 2,286 with the RSI at or below 40.5 (currently 49) will mean price and momentum are aligned to the sell side. Resistance is at USD 2,314, USD 2,327, USD 2,379 with support at USD 2,286, USD 2,253, and USD 2,240. Technically bearish with a neutral bias.