



# Base Morning Intraday Note

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## Copper

Copper dropped for the fourth time in five sessions, with metals hit by fresh selling on fears for demand in China and the rest of the world. Investors are increasingly focused on downside risks for industrial commodities from US monetary tightening to shaky European economies and the fallout from China's stringent measures to stamp out Covid-19. Elevated US inflation bolstered the case for the Federal Reserve's aggressive push to rein in price pressures. And in China, a rise in Shanghai coronavirus cases -- and a default by a major property developer -- highlighted the headwinds. Metals fell with stocks and other risk assets (Bloomberg). The futures had a delayed reaction to the inflation numbers yesterday with price initially moving higher before moving lower late in the U.S session. A sell off on the Asian open has resulted in the futures reversing yesterdays gains with price trading to a low of USD 9,175. The futures remain below the intraday resistance band with price and momentum aligned to the sell side. A close on the 4-hour candle above USD 9,310 with the RSI at or above 41 (currently 35) will mean it is aligned to the buyside; upside moves that fail at or below USD 9,555 will leave the futures vulnerable to further tests to the downside, above this level the futures will have a neutral bias. As previously noted, downside moves below USD 9,139 will create a positive divergence with the RSI, warning we have the potential for a momentum slow down, whilst the intraday Elliott wave cycle also warns of potential exhaustion on new lows with price targeting key support at USD 9,033. Resistance is at USD 9,310, USD 9,380, USD 9,454 with support at USD 9,033, USD 8,833, and USD 8,578.

## Alu

Flat price movement yesterday but a weaker Asian open has resulted in the futures trading below the previous days low. Technically we remain bearish with price below the intraday EMA resistance band which remains well spaced, indicating the trend is stable. However, downside moves below USD 2,697 will create a positive divergence with the RSI warning we have the potential to see a momentum slowdown, this is not a sell signal as divergences can and do fail. Upside moves that fail at or below USD 2,920 will leave the futures vulnerable to further tests to the downside, above this level the intraday technical will have a neutral bias. Price and momentum are currently conflicting, a close on the 4-hour candle above USD 2,780 will mean it is aligned to the buyside; likewise, a close below this level with the RSI at or below 32.5 (currently 35.5) will mean it is aligned to the sell side. The longer-term technical remains bearish but the divergence is warning we could see a test to the upside in the near-term. Resistance is at USD 2,780, USD 2,826, USD 2,866 with support at USD 2,725, USD 2,698, and USD 2,669.

## Zinc

The futures have moved lower in the Asian session with price below the daily pivot point, intraday price and momentum are conflicting. A close on the 4-hour candle above USD 3,643.5 will mean price and momentum are aligned to the buyside; however, corrective moves higher that fail at or below USD 3,899 will leave the futures vulnerable to further tests to the downside, above this level the intraday technical will have a neutral bias. A close below USD 3,643 with the RSI at or below 29 (currently 32) will mean P&M are aligned to the sell side. Technically bearish, with price below the EMA resistance band, Elliott wave analysis would suggest that we are on wave-3 of wave C, suggesting upside moves should in theory be countertrend. Downside moves below USD 3,555 will create a second positive divergence with the RSI, warning of the potential for a momentum slowdown. Resistance is at USD 3,643, USD 3,767, USD 3,899 with support at USD 3,555, USD 3,473 and USD 3,448.

## Nickel

Limited price action in the futures on relatively low volume. Price is technically bearish below the intraday EMA resistance band supported by the RSI below 50. Downside moves below USD 27,625 will create a second positive divergence, warning of the potential for a momentum slowdown, suggesting the futures are not a technical sell at these levels.

## Lead

A small downside move in the Asian session has resulted in the futures trading to a new low. Price is below the EMA resistance bands supported by the RSI below 50, intraday price and momentum are conflicting. A close on the 4-hour candle above USD 2,121.50 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 28.5 (currently 31) will mean it is aligned to the sell side. The technical is bearish but the futures are now in divergence, warning of the potential for a momentum slowdown, making this a higher risk trade from the short side. Resistance is at USD 2,121.50, USD 2,191, USD 2,218 with support at USD 2,085, USD 2,018, and USD 1,990.