



Base Morning Intraday Note

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

Copper

Copper was steady near a seven-month low, and zinc extended losses as global growth fears damped the demand outlook for industrial metals. Federal Reserve officials reaffirmed that sharply tighter monetary policy lies ahead to cool surging inflation. Disappointing earnings reports from US consumer stalwarts including Target Corp. and Walmart Inc. are also stoking concern over the health of the world's biggest economy. In China, the current wave of Covid-19 outbreaks appeared to be easing, but the threat of lockdowns remained as an upsurge of cases was reported in Tianjin and Sichuan province. Beijing's strict Covid Zero policy has taken a hefty toll on the economy. Goldman Sachs Group Inc. has cut its 2022 growth forecast for China to 4%, well below the government's 5.5% target (Bloomberg). Corrective yesterday, the futures held above our key support at USD 9,106, resulting in the futures moving higher on the Asian open, intraday price and momentum is now conflicting. A close on the 4-hour candle above USD 9,239 with the RSI at or above 51.5 (currently 49) will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves below USD 9,106 will mean the futures will have a neutral bias, below USD 8,938 the intraday technical is bearish. The futures are testing the EMA resistance band, if we close above and hold above the top of the Band (USD 9,379) it will further support a bull argument. Technically bullish based on price but below EMA resistance, support is at USD 9,239, USD 9,106, USD 9,044 with resistance at USD 9,379, USD 9,434, and USD 9,526.

Alu

Freely available aluminium inventories on the London Metal Exchange drop to fresh record low of 205,900 tons. Cancelled warrants rise 5.3% to 313,000 tons, due to increase in orders in Malaysia. Total inventories in LME warehouses decline to 518,900 tons, lowest since 2005 (Bloomberg). A small correction yesterday on the back of a rising USD basket resulted in the futures trading to a low of USD 2,822.50, before rising on the Asian open. Price is currently trading on the daily pivot point (USD 2,858) meaning price and momentum are conflicting. A close above this level with the RSI at or above 54.5 (currently 51) will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. The futures have traded above the USD 2,920 level meaning the near-term technical is neutral; however, our wave analysis would suggest this upside move is a countertrend wave 4, suggesting upside moves remain vulnerable below USD 3,131, above this level the futures will have a neutral bias. EMA resistance bands are now flat indicating we are no longer in a trending environment. Technically bearish with resistance at USD 2,962, USD 3,035, USD 3,131 with support at USD 2,813, USD 2,717, and USD 2,697.50.

Zinc

Corrective yesterday and flat on the Asian open meaning intraday price and momentum are aligned to the sell side. The upside move has failed at the EMA resistance band with price below the USD 3,853 level, indicating we remain vulnerable to further tests to the downside. Intraday Elliott wave analysis supports this, as the recent downside moves looks to be an extended wave 3, suggesting we have the potential for another test to the downside. Upside moves above USD 3,853 will mean the futures will have a neutral bias. A close on the 4-hour candle above USD 3,608.50 with the RSI at or above 48 will mean price and momentum are aligned from the buy side. Technically bearish, resistance is at USD 3,684, USD 3,756, USD 3,853 with support at USD 3,550, USD 3,513, and USD 3,451.

Nickel

The futures continue to base near their lows on reduced volume. Price has made a new low, but we are now in divergence with the RSI, warning we have the potential for a momentum slowdown, for this reason the futures are not considered a technical sell at these levels. Upside moves that fail at or below USD 31,243 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Resistance is at USD 26,976, USD 27,260, USD 27,543 with support at USD 25,274, USD 24,991, and USD 24,707.

Lead

As previously noted, due to the Elliott wave analysis the USD 2,056 support had looked vulnerable. The futures traded to new lows yesterday meaning we now have a positive divergence in play, not a sell buy it does warn of the potential for a momentum slowdown. Price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 2,069 with the RSI at or above 41.5 (currently 38.5) will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,102 remain vulnerable to further tests to the downside, above this level the technical has a neutral bias. If we trade above USD 2,125 then the futures will have made a higher high, warning the intraday Elliott bear cycle has completed. Using the William's approach, we have the potential to trade as low as USD 1,856; however, it is important to note that the new low means the minimum requirement for wave/phase completion has now been achieved. Resistance is at USD 2,069, USD 2,076, USD 2,087 with support at USD 2,040, USD 1,957, and USD 1,907. Bearish, but making new lows suggesting we are on a wave 5, meaning we now have a cautious approach.