



Base Morning Intraday Note

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Copper

Copper gained in London as the dollar and bond yields retreated amid growing concerns about the impact of inflation on the US economy. Nickel gained the most since March. US stocks declined as traders sought haven in Treasuries against a backdrop of rising prices and tightening monetary policy. A softer dollar boosted the appeal of metals for investors holding foreign currencies, while their function as an inflation hedge also helped (Bloomberg). The futures held above the USD 9,106 support with prices moving higher yesterday. Intraday price and momentum are aligned to the buy side with price now above the EMA resistance band supported by the RSI above 50. A close on the 4-hour candle below USD 3,948 with the RSI at or below 48 (currently 56) will mean price and momentum are aligned to the sell side. However, corrective moves lower that hold at or above 9,263 will support a bull argument, below USD 9,159.50 the intraday futures become bearish. The futures look to be transitioning to the buy side but will need to hold above the EMA band, this is now compressed with price above it, the bands themselves have not crossed as the shorter period EMA's remain below the longer period. Resistance is at USD 9,466, USD 6,549, and USD 9,655.

Alu

The futures moved higher on the back of inflation fears and a potential slowdown in the U.S. economy. The upside move means the near-term technical has a neutral bias, above USD 3,035 the futures will have made an intraday high. However, we maintain our view that based in intraday Elliott wave analysis this upside move still has the potential to be countertrend, implying the futures remain vulnerable below USD 3,131. A close on the 4-hour candle below USD 2,900 with the RSI at or below 51.5 (currently 59) will mean price and momentum are aligned to the sell side. Price is above the EMA resistance band, which is now flat, indicating a lack of trend in the market; corrective moves lower that hold at or above USD 2,783 will support a near-term bull argument, below this level the futures have the potential to target the USD 2,697.5 low. Technically the chart looks very similar to that of copper; however, our wave analysis is warning this upside move is potentially countertrend, suggesting there is another test to the downside to come. Resistance is at USD 2,962, USD 3,035, and USD 3,131.

Zinc

Like the rest of the base complex, we have seen the futures move higher on the back of a weakening USD basket. Price is now trading in the intraday resistance band which has started to flatten, indicating the bear trend is becoming less stable. Price and momentum are aligned to the buy side, a close below USD 3,675 with the RSI at or below 46 (currently 53) will mean it is aligned to the sell side. Near-term fractal support is at USD 3,564.50, downside moves below this level will be bearish, suggesting the USD 3,507.50 and USD 3,451 levels could be tested. Upside moves that fail at or below USD 3,853 will leave the futures vulnerable to further tests to the downside, above this level the futures will have a neutral bias. Technically the trend is less stable but is still considered as bearish based on our wave analysis, resistance is at USD 3,756, USD 3,853, USD 3,930.

Nickel

We have previously stated that although technically bearish the futures were not considered to be a technical sell due to the positive divergence with the RSI. Stockpiles dropped 1.1% yesterday to a 29-month low (Bloomberg) resulting in a strong upside move. The futures have moved 11% higher with price now trading in the EMA resistance band. Volumes look like they are lower than in recent days, suggesting market sellers have stepped back to find better value, however there could be a delay in the volume feed so this will need to be monitored in case it is incorrect. Downside moves that hold above USD 2,7047 will support a bull argument, below this level will warn the USD 26,055 support could be tested. Likewise, 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 29,078, USD 29,997, USD 31,243 with support at USD 27,858, 27,514, and USD 27,047.

Lead

Yesterday we highlighted that the futures had entered a bearish wave 5 creating a negative divergence with the RSI, meaning we expressed a note of caution. Lead has followed the rest to the base complex higher with the futures trading at USD 2,123, indicating the trend is now neutral. Upside moves above USD 2,125.50 will create a higher high, suggesting the bearish Elliott wave cycle will have completed. The futures are trading in the EMA resistance band with price and momentum aligned to the buy side. Downside moves that hold at or above USD 2,058 will support a bull argument, below this level the futures will have a neutral bias. A close on the 4-hour candle below USD 2,059 with the RSI at or below 37.5 (currently 51) will mean price and momentum are aligned to the sell side, making this a key area of support. Technically neutral with the potential to transition to the buy side soon.