



Base Morning Intraday Note

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Copper

Copper declined along with most metals, receding from the highest close in more than three weeks as investors appear concerned about Chinese demand. Iron ore also fell. China, the world's top metals consumer, has been rolling out a series of measures to bolster the economy that has been badly hit by stringent Covid lockdowns in recent months (Bloomberg). The futures traded above but failed to hold above the USD 9,549 resistance yesterday, resulting in price selling lower on the Asian open. The intraday technical remains bullish but price and momentum are conflicting, a close on the 4-hour candle below USD 9,500 with the RSI at or below 54 (currently 54.7) will mean it is aligned to the sell side. Likewise, a close above this level with the RSI above 58.5 will mean it is aligned to the buy side. Corrective moves lower that hold at or above USD 9,297 will support a bull argument, below this level the futures will have a neutral bias. Technically bullish, lower timeframe momentum indicators are in divergence warning we could see support levels be tested. Resistance is at USD 9,500, USD 9,565, USD 9,655 with support at USD 9,362, USD 9,297, and USD 9,246.

Alu

ALU has followed copper lower on the back of Chinese demand, resulting in price and momentum becoming aligned to the sell side. A close on the 4-hour candle above USD 2,961 with the RSI at or above 61.5 (currently 59) will mean it is aligned to the buy side. Downside moves that hold at or above USD 2,882 will support a near-term bull argument, below this level the futures will target the USD 2,822.50 fractal support. Price is above the 4-hour EMA support band, but this remains flat and compressed, indicating the upside trend is not stable at this point. Likewise, on the daily chart the futures are finding resistance at the base of the daily EMA resistance band. Technically the intraday is bearish with a neutral bias whilst price is moving lower, above USD 3,035 the futures will have made a higher high; however, we maintain our view that the technical remains vulnerable below USD 3,131. Support is at USD 2,930, USD 2,910, and USD 2,882.

Zinc

The futures moved higher yesterday but have since moved sideways to slightly lower on the Asian open. Price is above the EMA support band, but this is flat and compressed, indicating a lack of trend in the market. Lower timeframe momentum indicators are now in divergence with price, warning the futures are vulnerable to a technical pullback. A close on the 4-hour candle below USD 3,755 with the RSI at or below 54 (currently 57) will mean price and momentum are aligned to the sell side; however, downside moves that hold at or above USD 3,643 will support a near-term bull argument, below this level the futures will target the USD 3,564 fractal support. Upside moves that fail at or below USD 3,853 will leave the futures vulnerable to further tests to the downside. Resistance is at USD 3,798, USD 3,853, USD 3,930 with support at USD 3,708, USD 3,681, USD 3,643. Technically the trend is bearish with price still below a key resistance level, the lower timeframe divergence would suggest we are potentially vulnerable to a test to the downside.

Nickel

We noted yesterday that intraday support levels could be vulnerable, which proved to be the case. Price traded to a low of USD 26,110 before finding buying support, if we had traded below USD 26,055 the futures will have created a positive divergence with the RSI, warning we had the potential to see a momentum slowdown. 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. Technically bearish but not considered a technical sell below USD 26,055. Resistance is at USD 29,078, USD 29,997, USD 31,243 with support at USD 27,047, USD 26,110, and USD 26,055.

Lead

The futures have moved slightly lower on the Asian open, meaning price and momentum are conflicting. Price is above the EMA support band, but these remain flat, indicating that this move to the upside is yet to enter a trending environment. A close on the 4-hour candle below USD 2,182.50 with the RSI at or below 54 (currently 59) will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Lower timeframe momentum indicators are in divergence warning we have the potential to see a momentum slowdown. Corrective moves lower that hold at or above USD 2,082 will support a bull argument, below this level the technical will have a neutral bias. Intraday Elliott wave analysis would suggest we have completed the downside cycle; however, the moving averages are telling us that any buy side trend is not established yet, whilst the lower timeframe divergence is reminding us that the futures remain vulnerable to a test to the downside. Resistance is at USD 2,228, USD 2,267, USD 2,333 with support at USD 2,129, USD 2,109, and USD 2,082.