



Base Morning Intraday Note

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

Copper

Prices of copper futures on COMEX take offers around \$4.23 as sellers keep reins for the third consecutive day amid the market's fears of global recession and a slump in the industrial demand for the red metal. Reuters describe three-month LME copper prices as 0.1% down at \$9,365 a tonne by 03:51 GMT whereas the most-traded July copper contract on the Shanghai bourse ended the morning trade 0.2% lower at 71,280 yuan (\$10,614.25) a tone. "Years of under-investment in the mining of metals essential to the energy transition, supply shocks, and high energy prices will continue to drive commodity prices higher, Eurasian Resources Group Chief Executive Benedikt Sobotka said," per Reuters. The news also highlights increasing odds of an end to the protest that has halted operations at MMG Ltd's Las Bambas copper mine in Peru also weighing on prices (FX Street). We noted yesterday that the futures were failing at the daily resistance band and looked to be rolling over. Price has moved lower, but we hold above the USD 9,297 intraday support, below this level the futures will have a neutral bias. A close on the 4-hour candle above USD 9,390 with the RSI at or above 54.5 (currently 46) will mean price and momentum are aligned to the buy side, suggesting the USD 9,490 and USD 9,565 resistance levels could be tested. Support is at USD 9,297, USD 9,246, and USD 9,159.

Alu

We highlighted yesterday that the futures on the daily chart had produced a spinning top candlestick followed by a lower close, suggesting support levels were vulnerable. The futures traded below the USD 2,822.50 support, meaning the intraday technical is now bearish. Price did rally in the US session resulting in the futures opening above the daily pivot point in the Asian session, price and momentum are now conflicting. An upside move on the open has rejected the intraday 1-hour resistance band (and the daily resistance band) resulting in the futures moving to the downside. A close on the 4-hour candle above USD 2,861 with the RSI at or above 51.5 (currently 45.5) 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. Technically bearish the futures did find buying support late on yesterday giving the daily candle a rejection tail, downside moves below the USD 2,821 low from yesterday will target the USD 2,782 and USD 2,753 support levels. Resistance is at USD 2,948, USD 3,062.5, and USD 3,131.

Zinc

The futures had entered a consolidation phase in recent days with price below the daily resistance band warning we could be about to see the futures roll over. Price did move lower but like Alu the futures found support in the U.S session; however, a weak open means price and momentum are aligned to the sell side with the futures testing the top of the Fibonacci support zone. Downside moves that hold at or above USD 3,643 will support a bull argument, below this level the technical will have a neutral bias. A close on the 4-hour candle above USD 3,754 with the RSI at or above 57.5 (currently 48) will mean price and momentum are aligned to the buy side. Upside moves above USD 3,798 have the potential to create a negative divergence with the RSI, not a sell signal it does warn that we have the potential to see a momentum slowdown above this level, further resistance is at USD 3,853. The technical is starting to weaken but is not yet bearish, near-term support is at USD 3,708, USD 3,681, and USD 3,643.

Nickel

The futures are in a technical, the trend is bearish, but the new low yesterday triggered the positive divergence we had previously highlighted, resulting in the futures moving higher during the day. Technically bearish, but not a technical sell at these levels.

Lead

Lead had a similar pattern yesterday to many of the other base products with price stalling at the daily resistance band warning that it could be about to enter a corrective phase. Price and momentum remain aligned to the sell side with the futures holding above the USD 2,082 support, below this level the technical has a neutral bias, only below USD 2,025 is the technical bearish. Our wave analysis is warning that the downside cycle looks to have finished, however the futures are holding below the daily resistance band, if this is a wave 1 of a new cycle then the pullback is expected to be deep. Our wave analysis would suggest this is potentially a countertrend move; however, we remain cautious as wave cycles can and do fail at times. Technically bullish but in a countertrend move with price on a key support, upside moves that close at or above USD 2,119 with the RSI at or above 55 (currently 40) will mean price and momentum are aligned to the buy side. Resistance is at USD 2,119, USD 2,195, USD 2,228, with support at USD 2,082, USD 2,061, and USD 2,025.