



# Base Morning Intraday Note

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## Copper

Copper edged up along with most other base metals, with traders seen moving inventories to Chinese warehouses on expectations demand is recovering in the world's biggest metals-consuming nation. The use of metals in China's manufacturing and construction industries is expected to ramp up as the nation exits pandemic-driven lockdowns. An encouraging sign of this came on Tuesday when inventories of copper, seen as a bellwether for China's economic growth, had their biggest decline on the London Metal Exchange since 1990, falling by more than 20,000 tons, or about 14% (Bloomberg). The downside move in the morning session yesterday held above the USD 9,527 support, resulting in a rally into the U.S. close on the back of a weakening USD basket. Price has moved lower on the Asian open, potentially on the back of the USD catching a small bid overnight, meaning intraday price and momentum are conflicting. A close on the 4-hour candle above USD 9,682 with the RSI at or above 63 (currently 57.5) will mean it is aligned to the buy side; likewise, a close below this level will leave it aligned to the sell side. Technically bullish, we are seeing higher volume on the intraday upside moves suggesting bids are fading rather than selling interest is increasing on the downside moves. Key support remains unchanged, corrective moves lower that hold at or above USD 9,527 will keep the intraday technical in bull territory, below this level the futures will have a neutral bias. Resistance is at USD 9,791, USD 9,826, USD 9,863 with support at USD 9,644, USD 9,594, and USD 9,527.

## Alu

SHFE aluminium fluctuated at 20,800 yuan/mt and fell below the daily moving average at 20,65 yuan/mt as the metals generally declined. In terms of spot market, the premiums of aluminium ingot in east China remained at 50 yuan/mt, but the warehouse problem continued to affect the poor market transaction. The aluminium ingot spot prices in Zhongyuan (Gongyi) were quoted in discounts of 70-80 yuan/mt over SMM A00 aluminium ingot price while some were shipped in discounts of 100 yuan/mt. The procurement was made as needed, and the market transaction was still poor (SMM). Limited price action yesterday with the futures following copper lower in the morning session before rallying into the close. The futures remain in a bearish trending environment with price below the intraday EMA band; however, price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 2,771 with the RSI at or below 40 (currently 44) will mean it is aligned to the sell side. Corrective moves lower below the USD 2,720 low will create a positive divergence with the RSI, not a buy signal it does warn of the potential for a momentum slowdown. Likewise, upside moves that fail at or below USD 2,851 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 2,796, USD 2,819, USD 2,851 with support at USD 2,771, USD 2,706, and USD 2,674.

## Zinc

Speculators have increased their bullish LME zinc bets by 1,186 net-long positions to 28,535, weekly bourse data on futures and options show. The net-long position was the most bullish in more than five weeks (Bloomberg). The futures remain technically bearish; however, the downside move yesterday means we no longer have neutral bias. Having initially moved higher on the open price is now trading below the daily pivot point, but the 4-hour candle remains open meaning price and momentum are conflicting. A close on the 4-hour candle above USD 3,800 with the RSI at or above 54 (currently 46) 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 with downside support at USD 3,793, USD 3,740, USD 3,690, resistance is at USD 3,800, USD 3,949.5, and USD 3,995.50.

## Nickel

Small movement with price opening and closing within a few dollars of each other. Price remains below the USD 31,243 resistance leaving the intraday technical vulnerable to further tests to the downside. Volume remains light.

## Lead

Like the rest of the base complex the futures rallied into the close resulting in the futures producing a hanging man candlestick. A close below the low of this candle (Daily close USD 2,170) will warn the futures are entering a corrective phase. Price has rallied on the open meaning price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 2,207 with the RSI at or below 55.5 (currently 60) will mean it is aligned to the sell side. Key support remains unchanged at USD 2,180; corrective moves lower that hold at or above this level will keep the intraday technical in bull territory, below this level the futures will have a neutral bias. Technically bullish there are warning signs on the daily chart that we are vulnerable to a technical pullback, alongside the hanging man candlesticks the RSI at 50 is neutral, whilst the stochastic is overbought. Resistance is at USD 2,228, USD 2,245, USD 2,267 with support at USD 2,207, USD 2,196, and USD 2,180.