



Base Morning Intraday Note

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Copper

China's yuan traded higher amid the better-than-expected trade data for May. USD/CNH falls 0.3% to 6.6819; USD/CNY drops 0.1% to 6.6774 Bloomberg Dollar Spot Index falls 0.1%. China's exports grew at a faster pace in May than the previous month, as Covid disruptions to production and logistics eased. Exports in dollar terms grew 16.9% in May from a year earlier, customs data showed Thursday, accelerating from April's 3.9% increase and climbing well above an 8% gain projected by economists. "Better-than-expected China trade data offered confirmation for the positive impact of China loosening the lockdown," offering support for the yuan, says Stephen Chiu, chief Asia FX & rates strategist at Bloomberg Intelligence (Bloomberg). We are seeing a similar pattern on the intraday futures to that of the last few days, price has risen in the U.S session but corrected on the Asian open. The futures remain in a consolidation with price and momentum conflicting, a close above USD 9,709 with the RSI at or above 61.5 (currently 57.5) will mean it is aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 9,527 will support a bull argument, below this level the futures will have a neutral bias. Upside moves that trade above USD 9,805.50 have the potential to create a negative divergence, not a sell signal it does warn that we have the potential to see a momentum slowdown on the intraday and will need to be monitored. Technically bullish, the potential to diverge with the RSI is leaving the futures vulnerable to a pullback. Resistance is at USD 9,791, USD 9,805.50, USD 9,863 with support at USD 9,644, USD 9,594, and USD 9,527.

Alu

The aluminium industry's best days might be in the rear-view mirror. At North America's largest aluminium conference Wednesday, researcher Harbor Intelligence warned an audience of 870 producers, traders and buyers -- many of them sipping Johnnie Walker Gold Label scotch -- that the price of the lightweight metal will plummet almost 20% by December to \$2,310 per ton as demand ebbs and supplies build in warehouses across the globe. "We all know that last year and so far this year has been the best ever in terms of demand," Harbor's managing director Jorge Vazquez said at the conference. "But there's one component of that demand borrowed from the future, and we'll need to pay that -- consumers cannot sustain this level of goods spending seen the past two years" (Bloomberg). We moved higher on the Asian open with price trading around USD 20.00 off their highs having traded up to be not above the USD 2,851 resistance, meaning the futures remain vulnerable to a technical pullback. Intraday price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 2,810 with the RSI at or below 43.5 (currently 51) will mean it is aligned to the sell side. However, downside moves that hold at or above USD 2,764 will support a bull argument, below this level the futures will target the USD 2,720 low. Intraday wave analysis would suggest that we still have the potential to test the downside support levels. Resistance is at USD 2,851, USD 2,876, USD 2,919 with support at USD 2,810, USD 2,785, and USD 2,764.

Zinc

Technically bearish due to the pullback on the 07/06 the futures have started to consolidate having seen little movement in the Asian session. A close on the 4-hour candle above US 3,816 with the RSI at or above 49.5 (currently 47.5) will mean price and momentum are aligned to the buy side; likewise, upside moves that fail at or below USD 3,904 will leave the futures vulnerable to further tests to the downside, above this level the technical will again have a neutral bias. Technically bearish, resistance is at USD 3,844, USD 3,878, USD 3,904 with support at USD 3,755, USD 3,740 and USD 3,690.

Nickel

A group of some of the world's largest hedge funds have made a formal complaint against the London Metal Exchange for cancelling thousands of nickel trades, worth nearly \$4 billion, back in March. The Managed Funds Association, which represents 150 hedge funds that between them manage about \$2.5 trillion of assets, sent a letter to the LME yesterday alleging that it had failed to perform its regulatory functions. "The LME has undermined confidence in its ability to oversee markets by failing to perform its regulatory obligations to maintain an orderly market, manage conflicts of interest and protect investors in the nickel market," the association said in its letter (Bloomberg). The futures had a small test to the downside yesterday with price testing the EMA support band, the band itself remains flat and compressed indicating a lack of trend in the market. Price and momentum going into the close were aligned to the sell side, upside moves that close on the 4-hour candle above USD 28,988 with the RSI at or above 56 (currently 51.5) will mean it is aligned to the buy side. Neutral based on the EMA's being flat, resistance is at USD 28,988, USD 29,997, USD 31,243 with support at USD 27,600, USD 27,025, and USD 26,050.

Lead

The futures traded up to but not above the high of the hanging man daily candlestick yesterday before correcting on the intraday. The trend remains technically bullish, but price and momentum are aligned to the sell side, a close on the 4-hour contract above USD 2,226 with the RSI at or above 61.5 (currently 57) will mean it is aligned to the buy side. Upside moves that close above USD 2,245 will be above the hanging man, in theory this is a bullish signal, however we do have the potential to create a negative divergence with the RSI on the new high, warning we could see a momentum slowdown. Likewise, downside moves that close below the USD 2,170 level (hanging man low) will warn that the futures are entering a corrective phase. Technically bullish but caution due to the candle pattern and the potential to diverge, resistance is at USD 2,226, USD 2,245, USD 2,267, with support at USD 2,196, USD 2,180 and USD 2,170.