

FIS Base Morning Intraday Note

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Nickel

Early warning signals were triggered yesterday when the 4—hour candle closed below the USD 16,185 level, resulting in a downside move that traded down to a low of USD 15,895, two dollars above are tertiary support. The downside move did push the RSI to 52 indicating momentum was weak, however this proved to be a false signal as both price and the RSI moved higher on the following candle. The current candle is above the USD 15,823 daily pivot point with the RSI in bullish territory. The candle needs to close above USD 15,828 with the RSI at 57 or higher to confirm that momentum and price are aligned to the buy side. Price action that closes on the 4—hour candle below the USD 15,850 level would warn that intraday price is weakening; but for price and momentum to be considered as corrective the RSI will need to be at 53 or less. Near-turn price action above the USD 16,235 level will create a negative divergence in the market warning of the potential for a momentum slowdown. Resistance is at USD 16,268, USD 16,359, USD 16,500 with support at USD 16,066, USD 15,895 and USD 15,726.

Ali

Ali closed below the USD 1,992 level with the RSI in bearish territory resulting in price making a low of USD 1,996; however, price has held above the USD 1,930 Fibonacci support, meaning the long-term trend held in bull territory. Price is now trading above the daily pivot at USD 1,976 but is yet to close above it. For intraday price and momentum to be aligned we will need to see the RSI at 64 or higher; likewise, a close below the USD 1,976 level would keep the intraday phase in bearish territory. The longer term trend remains bullish above the USD 1,930 support with a near-term upside target at the USD 2,003.5 High. Price action above this level would create a negative divergence with RSI. Downside moves should be considered as countertrend until a new high has been made or the USD 1,930 support is broken. Resistance is at USD 1,987, USD 2,003.5, USD 2,007 with support at USD 1,976, USD 1,956 and USD 1,946.

Copper

Price closed below the USD 7,212 level yesterday with the RSI at 59 indicating the intraday price action was weak resulting a low of USD 7,158. However, downside moves held the key technical support at USD 7,108, keeping the trend in bullish territory. Price has opened above the daily pivot point and is now making a new high resulting in a negative divergence on the 4-hour and lower timeframe charts. The divergence is not a sell signal but it is warning that we have the potential momentum exhaustion soon. The RSI is currently in bullish territory at 68 and needs to close above the 65.5 level on the 4—hour candle to confirm it is in bull territory. Technically bullish, the RSI divergence on the 4—hour candle (and lower time frames) would suggest that the futures are not considered a buy on the new high, as the RSI is warning that momentum has the potential to slow-down at these levels. Resistance is at USD 7,320, USD 7,349, USD 7,479 with support at USD 7,218, USD 7,148 and 7,088.

Zinc

The technical pullback that we warned about on Friday came into play yesterday with the futures closing below the USD 2,783 level with the RSI below 64, resulting in a move lower to USD 2,716.5. The downside move however held above the USD 2,661 support keeping the technical in bull territory. Price is currently below the daily pivot point with the RSI in bearish territory, meaning the intraday remains in a corrective phase. A close on the 4—hour candle above the USD 2,750 with the RSI at 64 or higher (currently 53 to give an idea of distance) would put the intraday price in bullish territory. The intraday remains in a corrective phase with downside moves considered to be countertrend at this point; Price that trades below the USD 2,661 level would be deep and put the technical into neutral territory, bringing the wave count into question. Resistance is at USD 2,750, USD 2,784, USD 2,803 with support at USD 2,698, USD 2,661 and USD 2,578.

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Lead

Price closed below the daily pivot point with the RSI below 66 indicating intraday weakness. Price is now trading above the daily pivot point but has not got RSI support. A close on the 4-hour candle above the USD 1,797 level with the RSI at 54.5 or higher would support bullish intraday price action. Price action that closes below the daily pivot would indicate that intraday price and momentum are currently weak. From a technical perspective downside moves should be considered as countertrend unless the USD 1,898 support is broken, at this point the technical becomes neutral. Resistance is at USD 2,023, USD 2,038, USD 2,077 with support at USD 2,010, USD 1,989, USD 1,977

Data source Bloomberg