

FIS Base Morning Intraday Note

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Nickel

A weak opening yesterday left intraday price and momentum in neutral territory, due to the depth of the pullback. The 4—hour candle did close above the USD 16,182 level but the RSI did not go above the 57.5 level, meaning momentum was not supporting upside price movement. The futures failed to trade above the USD 16,334 resistance leaving the technical vulnerable to a further test to the downside. Price is on the daily pivot point (USD 16,160) with the RSI below 50; upside moves on the 4—hour chart need to close above the USD 16,160 level with the RSI at 55.5 or higher for intraday price and momentum to be aligned to the buyside. USD 16,334 remains a key resistance level. Downside moves on the 4—hour candle that close below the USD 16,160 level would signal intraday weakness with a near-term downside target of USD 15,965. Resistance is at USD 16,335, USD 16,485, USD 16,810 with support at USD 16,030, USD 15,965 and USD 15,835.

Ali

From a technical perspective little has changed from yesterday in terms of trend but it would appear there is a change in the Elliott wave. The upside move remains on a bullish wave with a near-term target at USD 2,097. Having broken the USD 2,047 resistance price is now holding below the USD 2,072 resistance. One issue is the lack of divergence in the market at this point as the RSI is now making a higher high, this points to a wave extension, meaning and explaining the shallow pullback (pullback between the 18-11-20 and 24-11-20). It would appear, based on the divergence failure, we may not have left and appear to still be in, a bullish wave 3. downside moves on the 4—hour candle that close below the USD 2,054 level with the RSI at 69.5 or lower would warn of intraday weakness, below USD 2,001 the pullback would be considered as deep and the phase neutral. The longer term technical remains bullish, within the wave 3 we are seeing signs of extension on our momentum indicators warning downside moves are likely to be countertrend at this point. Resistance is at USD 2,072, USD 2,097, USD 2,122 with support at USD 2,054, USD 2,039 and USD 2,001.

Copper

Yesterday we highlighted that price was above the daily pivot point but not supported by the RSI, meaning price and momentum were not aligned to the buyside. Price remains above the daily pivot point but is still not supported by the RSI, Price needs to be above the USD 7,674 level (it is) with the RSI at 75.5 or higher. Upside moves above USD 7,743 would create a negative divergence with the RSI on the 4-hour candle warning we have the potential to see a momentum slowdown. Downside moves that close on the 4-hour candle below the USD 7,674 level would indicate the intraday technical is weakening and below USD 7,419 the trend the technical will have entered as neutral phase within this part of the cycle. Resistance is at USD 7,743, USD 7,768, USD 7,837 with support at USD 7,674, USD 7,606 and USD 7,512

Zinc

Zinc opened the day above the USD 2,780 level with the 4—hour candle has closing above the daily pivot point; however, the RSI needs to be at 59 or higher (currently 53) for price and momentum to be aligned to the buyside. Downside price action is now considered as deep based on the pullback yesterday ,meaning the technical phase is now considered as neutral. USD 2,716 is the fractal support, below this level the futures will have traded below the base of wave 5 signaling that this stage of the intraday Elliott wave cycle has completed. From a Elliott wave perspective, we are seeing a 5 wave pattern; using the Williams price projection of waves 1—3 from the base of 4, gives us an upside target at USD 2,843.24 ,making it a text book Elliot wave. One small issue is that the cycle appears to be out of line with the Copper, Ali and Nickel. This does not mean the cycle count is wrong, but does leave open the possibility that 240 min timeframe that is warning us that this phase of the wave count is complete, could still potentially move into another bullish intraday wave within the 5th wave. There are warnings of completion but this is not fitting in with other cycles within the base complex. Elliott wave is a guide and not set in stone.

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Zinc Continued

Resistance is at USD 2,810, USD 2,844 , USD 2,911 with support at USD 2,744, USD 2,716 and USD 2,649

Lead

Lead entered and remained in bearish intraday territory yesterday with price holding below the daily pivot point . Upside moves that close on the 4—hour candle above the USD 2,078 level with the RSI at 63.5 or higher would indicate the intraday price is firming. Downside moves that do not close above the USD 2,078 level on the next 4—hour candle will leave the technical in a corrective phase. The intraday Elliott wave cycle would suggest that the corrective move remains countertrend at this point. Resistance is at USD 2,078, USD 2,095, USD 2,138 and support is at USD 2,052, USD 2,036 and USD 1,998.

Data source Bloomberg