FIS

Base Morning Intraday Note

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Copper

As noted on Friday the intraday technical was bearish with focus on the RSI, if it held above 50 then momentum was vulnerable to a move to the upside, if it didn't then support levels could be tested. Wild Friday is one of the headlines this morning that will be a theme for base across the board, the emergence of a new COVID strain (Omicron) created a global sell off in most markets (gold and Capes seem to be the exception). The downside move in the futures is considered as deep in the higher timeframe with price trading below the USD 9,477 support (daily) to a low of USD 9,445, meaning the intraday technical is considered as bearish whilst the daily is neutral. The futures have created a bull gap on the open as market fears ease regarding the new variant (or at least have it priced in for now), the gap (USD 9,553-USD 9,521) is now considered as a support zone. Markets do like to try and close gaps, if price trades below USD 9,521 today then the futures will target the USD 9,445 low, if support holds then resistance is at USD 9,326, USD 9,682, and USD 9,758. Intraday price and momentum are conflicting, if the 4-hour candle closes above USD 9,553 with the RSI at or above 49 (currently 46.5) then it is aligned to the buyside. Likewise, if it closes below this level with the RSI at or below 44.5 then it is aligned to the sell side.

Ali

Technically bearish on Friday due to economic woes in China coupled with fears that funding withdrawal in the U.S could put further pressure on the metals complex. The emergence of Omicron resulted in further downside pressure with the futures down 4.76% from the opening high. However, the futures have moved higher this morning, driven in part by the news last week that the Chinese city of Chengdu has sought to ease a cash crunch at property developers. It became the first major local administration to address the liquidity squeeze in the real estate industry, a key component of the economy and a pillar for commodities demand (Bloomberg). Supply remains tight but intraday price and momentum are aligned to the sell side, price is however trading on the daily pivot point at USD 2,635, a close on the 4-hour candle above this level with the RSI at or above 47.5 (currently 45) would mean it is aligned to the buyside. Volatility resistance on the intraday is at USD 2,641, USD 2,657, and USD 2,673; however, upside moves that fail at or below USD 2,687 remain vulnerable to further tests to the downisde. Technically bearish, the Rally is in Asian hours with the futures starting to reject the daily pivot on the E.U. open (as of 6.06 a.m. GMT).

Zinc

With the market going risk off on Friday due to the fear factor of Omicron on the global economic recovery, the intraday futures closed 3.92% of their high on the intraday, underperforming the Bloomberg commodity spot index which fell 3.4% in its biggest decline since June. Omicron carries a high level of mutations; it has been declared a variant of concern by the WHO with an infection rate that is looking considerably faster than both the Delta and BETA variants. The global sell off will now bring the spotlight back to the federal reserve, two days ago the market expectations for a withdrawal of monetary easing had increased. However, questions will be asked, if the new variant is as infectious as the media has stated then a withdrawal of the bond buying program at this point could have serious repercussions on both the U.S and global economies. In the near-term the intraday price and momentum remain aligned to the sell side, a close on the 4-hour candle above USD 3,218 with the RSI at or above 50 (currently 42) would mean intraday P&M are aligned to the buyside. Upside moves that fail at or below USD 3,281 remain vulnerable to further tests to the downside, above this level the technical will be considered as bearish/neutral, only above the fractal resistance at USD 3,342.5 will intraday price have made a higher high and be bullish. Resistance is at USD 3,237, USD 3,255, and USD 3,273.

Nickel

Like the rest of the base complex the futures moved lower on Friday due to growing concerns the omicron variant will have on the global economy. Intraday price and momentum are now conflicting with price above the daily pivot level (USD 20,133). Upside moves on the 4-hour candle that close above this level with the RSI at or above 57 (currently 50) would mean intraday P&M are aligned to the buyside. Likewise, a close below this level would mean it is aligned to the sell side. It is worth noting that the RSI is neutral with the stochastic in oversold territory, in theory momentum is vulnerable to a test to the upside. Intraday volatility range resistance is between USD 20,361, USD 20,493, USD 20,625 with Fibonacci resistance at USD 20,291, 20,472, and USD 20,718.; however, upside moves that fail below the USD 20,718 Fibonacci resistance will remain vulnerable to further tests to the downside, above this level the futures will be considered as neutral/bearish, only above the USD 21,100 fractal resistance will it be bullish. Technically bearish, the futures are rejecting the USD 20,291 Fibonacci resistance, between the volatility and Fibonacci resistance levels, a move to the downside looks to be the path of least resistance in the near-term. Support is at USD 20,133, USD 19,948, USD 19,597. Price has traded below the USD 19,948 level on Friday, if the futures hold at or around the USD 19,597 level then keep an eye out for a bullish Gartley pattern. Technically vulnerable with volatility and Fibonacci resistance levels overlapping, key support is around the USD 19,597 level.

Lead

The enigma in the base metal market appears to be lead, as price reversed its losses on the intraday in a falling market, supporting bullish sentiment. Price has moved higher on the open, intraday P&M are aligned to the buyside with the futures making a higher high, it has not however broken a key fractal resistance meaning the longer-term trend remains bearish. In China lead ingot stocks have declined across five domestic markets since September 26th whilst news of an output cut at Glencore has offered support to the market (Bloomberg, SMM news). Downside moves on the 4-hour candle that close below USD 2,258 with the RSI at or below 45.5 (currently 53) would mean intraday price and momentum are aligned to the sell side, Upside moves that fail at or below USD 2,335 will leave the technical vulnerable to further tests to the downside, above this level the futures have further resistance at USD 2,352 and USD 2,380. Support is at USD 2,258, USD 2,236, and USD 2,212.

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