



Base Morning Intraday Note

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Copper

Base metals are holding on the back of better-than-expected manufacturing data from China whilst traders follow the activity of the Omicron variant (Bloomberg). Steady yesterday, the futures moved higher but found resistance at the USD 9,626 (38.2%) resistance, price remained supported during the day due to the bullish support gap. As highlighted yesterday, markets like to fill gaps, and has been the case this morning. The gap is closed with the futures targeting the USD 9,445 fractal low. Corrective moves below this level will create a positive divergence with price, not a buy signal it does warn of the potential for a momentum slowdown. Upside moves on the 4-hour candle that close above 9,592 with the RSI at or above 48.5 (currently 46.5) would mean intraday P&M are aligned to the buy side. Resistance is at USD 9,592, USD 9,626, USD 9,682 with support at USD 9,445, USD 9,394, and USD 9,343.

Ali

A very similar pattern to copper yesterday, markets opened to the buy side before stabilizing with sideways price action. For the speculative trader it is a case of wait, taking a punt on the Omicron infection rate and hospitalizations is nothing more than a bet. Yes, history has proven that life will adjust, and the market will recover, however the movement in-between could be significant if, as expected the virus is more contagious than the Delta variant. To an extent the market will answer that question for you, if the moving averages (30-60 period EMA's) point to 4.30 (think of a clock) then price is in trend to the downside (infections are bad), if they point to 1.30 then the infection and hospitalization rates are low, the trend is up. If they are compressed and flat (as they are now) then it is a case of wait and see as there is no definable trend in the market. Technically bearish on price but neutral on the averages with intraday P&M conflicting. Resistance is at USD 2,638, USD 2,703, USD 2,720 with support at USD 2,592, USD 2,580, and USD 2,562.

Zinc

Unsurprisingly it was a day of limited movement and indecision in the market after the sell off on Friday. A small bodied Doji and a small drop in the Aggregate open interest would imply that market longs continue to go risk off. The trend on the 4-hour chart is turning bearish but remains unstable as the longer period EMA's although starting to diverge a little do remain compressed at this point. Intraday P&M are aligned to the sell side, a close on the 4-hour candle above USD 3,200 with the RSI at or above 47.5 (currently 42) would mean intraday P&M are aligned to the buy side. Upside moves that fail at or below USD 3,281 remain vulnerable to further moves to the downside, above the level the futures will target the USD 3,342 fractal high. Technically bearish with resistance at USD 3,231, USD 3,252, USD 3,281 and support at USD 3,173, USD 3,162.5, and USD 3,141.

Nickel

The futures are in the early stages of a corrective phase, with price following the SHFE price lower in the Asian session. The intraday trend is bearish based on price and potentially transitioning to the downside due to the sell off on Friday; however, price is above the daily EMA's (30-60) which although compressed a little remain spaced, warning of potential support in the market on the higher timeframe. The daily RSI is above 50 as is the faster moving stochastic, if the stochastic enters oversold territory, then momentum will be vulnerable to an upside move on the daily chart. Here and now the technical is corrective on the intraday with P&M aligned to the sell side. A close on the 4-hour candle above USD 20,185 with the RSI at or above 54 (currently 46) would mean P&M are aligned to the buy side. Resistance is at USD 20,185, USD 20,291, and USD 20,472; however, the technical remains vulnerable below USD 20,718. Support is at USD 19,948, USD 19,705, and USD 19,597.

Lead

Having held firm on Fridays sell off the lead futures moved higher during the European session with the futures trading to a high of USD 2,332.5. The upside move failed to trade above the USD 2,335 resistance, which as suggested left the futures vulnerable to a test to the downside; price has moved lower resulting in price opening below the daily pivot level. Intraday P&M are now conflicting, a close below USD 2,293 with the RSI at or below 47 (currently 50) would mean P&M are aligned to the sell side. The intraday technical is bullish based on price but the futures are not in a trending environment. Downside moves that hold above USD 2,252 will support a bull argument, below this level the pullback is considered as deep warning the USD 2,212 support could be tested. USD 2,212 has been tested four times since the 18/11/21 making it a key support level going forward. Resistance is at USD 2,293, USD 2,335, USD 2,352 with support at USD 2,252, USD 2,238, USD 2,226.

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