



Base Morning Intraday Note

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Copper

The futures pushed hard on the open but failed to trade above our volatility resistance or the USD 9,655 fractal high. The uncertainty in Peru and the Taxes in Chile however did not keep the futures supported for long, the RSI resistance area that we highlighted yesterday created a small technical pullback in the E.U. morning session. However, rising concerns over the Omicron variant continue to weigh on the market. The WHO have said that vaccines are likely to protect against severe cases, but the virus continues to spread with the first case now identified in the U.S. "We know that vaccines are likely to have some protection," WHO chief scientist Soumya Swaminathan said in a press briefing. "We still need to find out if there's any loss of protection, but we think vaccines will still protect against severe disease as they have against the other variants." (Bloomberg). 'We think' is part of the issue, and this is keeping bulls from entering the market. Coupled with Omicron we have Mester (President of the Fed reserve bank of Cleveland) saying she is very open to scaling back the Feds asset purchase at a faster pace so it can raise interest rates a couple of times a year if needed. Ill timed? The risk of a 4th wave faced off with further rises in inflation are both very real. The USD basket responded by recovering the day's losses which put further pressure on the metals market. Intraday price and momentum are aligned to the sell side with downside moves on the 1-hour chart now in divergence below USD 9,445; not a buy signal it does warn of the potential for a momentum slowdown in the near-term. However, on the 4-hour RSI, if there is a divergence it is minimal, suggesting upside moves are likely to be considered as counter-trend as price have yet to test the USD 9,315 low. A close on the 4-hour candle above USD 9,440 with the RSI at or above 48 (currently 43) would mean intraday P&M are aligned to the buyside. Fractal resistance is now at USD 9,600, above this level the intraday technical is considered bullish. Resistance is at USD 9,440, USD 9,600, USD 9,655 with support at USD 9,349, USD 9,315, and USD 9,214. Note, yesterday's candle did not end up being an inside day, making the breakout levels on the E.U. close report obsolete.

Ali

With Ali not following copper to make a lower low two days ago it has created a harder path to the upside, if it had traded below USD 2,592 on the 30/11/21, then yesterday's upside move above USD 2,664 would have put the technical in bull territory. As it stands price remains vulnerable below USD 2,687 and needs to trade above USD 2,736 to be considered as bullish. The fundamental footprint remains the same as copper, vulnerable to the USD basket/interest rates with Omicron fears justified, the difference looks to in the technical, in Ali the upside moves seems to be a complex correction (I.E 3-waves rather than 1), the fact we have rejected the USD 2,687 resistance is key, price is now in an intraday rising channel which would suggest to me that the technical looks vulnerable to a move to the downside. Right now, intraday P&M are aligned to the buyside, a close on the 4-hour candle below USD 2,646 with the RSI at or below USD 44.5 would mean P&M are aligned to the sell side. The technical is bearish and looks to be lagging copper, key resistance is at USD 2,687. Resistance is at USD 2,664, USD 2,687, USD 2,705 with support at USD 2,615, USD 2,592, and USD 2,562.

Zinc

Zinc remains in a corrective phase with price continuing to move lower, the rejection of the USD 3,281 level would suggest the USD 3,136 fractal low is the near-term downside target. The Boliden mine remains offline; the efforts to stop the increased water flow has been successful. Efforts are being made to restore production but when this will happen is still uncertain. The near-term technical is bearish and vulnerable to a rise in the USD currency basket. USD 3,148—USD 3,136 is a key support area, any negative news (I.E., increased supply, USD rally) could put this under pressure. The technical does look a little vulnerable to the downside. However, if you look at the daily chart from June-Sep 21 we would suggest that any break down in prices has the potential to end in consolidation. Intraday Price and momentum are aligned to the sell side, but the candle is still open, a close below USD 3,187 would mean it is aligned to the buyside; likewise, a close above this level with the RSI at or above 47.5 (currently 43) would mean it is aligned to the buyside. Resistance is at USD 3,202, USD 3,216, USD 3,235 with support at USD 3,162, USD 3,148, USD 3,136.

Nickel

Technically little has changed since yesterday, the downside move is holding above the USD 19,705 support with resistance at the 38.2% Fibonacci retracement (USD 20,291) continuing to hold. Intraday price is in consolidation, the daily technical is neutral bullish. Resistance is at USD 20,195, USD 20,345, USD 20,441 with support at USD 19,705, USD 19,597, and USD 19,465.

Lead

A noted yesterday the technical held bear resistance and bull support leaving it in a neutral phase within a bearish trending environment. Intraday P&M are conflicting, however sideways action is making this an unreliable indicator. Supporting the neutral market bias is the short and longer –period EMA's which are all flat. Technically neutral resistance is at USD 2,321, USD 2,335, USD 2,344 with support at USD 2,252, USD 2,237, and USD 2,226.

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