



Base Morning Intraday Note

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Copper

The LME futures moved higher yesterday with price trading up to USD 9,578 on the intraday. Commodity on-line have highlighted the increase in open interest by 14.43% on the MXC Copper indicating there has been a round of buying in the market. The Aggregate open interest on Bloomberg confirms this. On the LME contract the futures have come under pressure on the Asian open resulting in intraday price closing below the pivot point (USD 9,512); However, price is trading back above this level, if we close above it then intraday price and momentum will be aligned to the buy side. Front month Iron ore is up USD 10.00 overnight on the loosening money policy and expectations of better economic policy plans next year. The upside move in the futures yesterday means copper has closed back above the 200-period daily moving average, this average has been breached five times and held 6 times since August, from a technical perspective this is a dangerous area for market shorts to enter. Resistance is at USD 9,600, USD 9,663, USD 9,735 with support at USD 9,512, USD 9,419, and USD 9,315.

Alu

The futures moved higher yesterday after the Chinese central bank cut its reserve requirement ratio. However, the futures have moved lower in the Asian session to test the daily pivot support at USD 2,512, price has held but intraday P&M are conflicting. There has been an increase in LME stockpiles by 1.8%, the rise is driven by deliveries into warehouses in Malaysia's Port Klang, LME aluminum stockpiles had fallen for the previous 55 days, the longest run since 2018 (Bloomberg). Meanwhile SMM are reporting China exported 509,300 mt of unwrought Aluminium and Aluminium semis in November, up 6.2% from the previous month and 20.1% on the year, according to customs data. Exports totaled 5.06 million mt in January-November, up 14.9% on the year. Downside moves on the 4-hour candle that close below USD 2,602 would mean that intraday P&M are aligned to the sell side, a close above this level with the RSI at or above 47.5 (currently 45) would mean it is aligned to the buy side. The technical remains in a corrective phase but price is above the 200-period daily moving average (USD 2,551), implying that the longer-term trend is still supported. Resistance is at USD 2,647, USD 2,656, USD 2,671 with support at USD 2,511, 2,551 and USD 2,532.

Zinc

The futures traded below the USD 3,136 support level yesterday to create a new low and a positive divergence with the RSI, price then rallied to close the day on its high, leaving intraday price and momentum aligned to the buy side. Headlines on SMM; Zinc Prices are Unlikely to Fall Further amid the Strong Cost Support on the Smelting Side, this is in line with the technical being oversold based on the RSI divergence. Upside moves above the USD 3,211.5 level will create an intraday high, at this point the intraday futures will be bullish. Downside moves below USD 3,114 will create a lower low, however due to the divergence the market will not be considered as technical sell. Technically bearish but not a technical sell, a close on the 4-hour candle below USD 3,153 with the RSI at or below 43 (currently 48) would mean intraday P&M are aligned to the sell side. Resistance is at USD 3,211.5, 3,238, USD 3,260 with support at USD 3,153, USD 3,114, and USD 3,086.

Nickel

Chinese Nickel Pig iron (8-12%) is unchanged whilst the May 22 onshore rebar contract is 2.5% higher from yesterday's close. Technically bearish Nickel is seeing support in the market with price now above the daily pivot point (USD 19,850), intraday price and momentum are conflicting. A close above this level on the 4-hour candle with the RSI at or above 49.5 would mean intraday P&M are aligned to the buy side; likewise, a close below this level with the RSI at or below 45 (currently 47) would mean it is aligned to the sell side. Longer-term intraday EMA's remain flat implying a lack of trend in the market, upside moves above USD 20,440 will create a higher high, meaning the intraday technical is bullish. Technically bearish the futures are finding support after the monetary loosening in China yesterday, price needs to do more for the intraday to enter bull territory. Resistance is at USD 20,262, USD 20,402, USD 20,440 with support at USD 19,850, USD 19,418, and USD 19,150.

Lead

Having produced a positive divergence with the RSI on Friday price is showing signs it could be basing. Yesterday's downside move held above the USD 2,190 low, intraday price and momentum remain aligned to the sell side, but the daily pivot level has been tested. A close on the 4-hour candle above USD 2,210 with the RSI at or above 45 (currently 40.5) would mean intraday P&M are aligned to the buy side; however, upside moves that fail at or below USD 2,263 remain vulnerable to further tests to the downside. Above this level the technical is neutral/bearish whilst above USD 2,301 it is bullish. Resistance is at USD 2,210, USD 2,232, USD 2,245 with support at USD 2,190, USD 2,167, and USD 2,154.

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