



Base Morning Intraday Note

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Copper

Copper is slightly lower in early Asian trade, after data showed that China's car sales declined for the sixth straight month in November. Demand for the base metal is often driven by car sales as it is used in many components. However, China's electric vehicle sales, which rose 18% on month in November, could help to support prices, ANZ says. The three-month LME copper contract is down 0.3% at \$9,624 a metric ton (Bloomberg). Having traded to within USD 5.00 of yesterday's high price is now on the daily pivot point (USD 9,618). Intraday price and momentum are aligned to the buy side, a close on the 4-hour candle below this level with the RSI at or below 48.5 (currently 50.5) would mean it is aligned to the sell side. Corrective moves that hold at or above USD 9,474 will support a bull argument. The intraday is technically bullish based on price but the futures are not in a trending environment as the longer period EMA's remain compressed. Resistance is at USD 9,817, USD 9,871, USD 9,926 with support at USD 9,559, USD 9,523, and USD 9,474.

Alu

Supply is concern for next year with China now becoming increasingly dependent on overseas ore, 49% of its ore will be imported next year, up from 47% this year and about 30% in 2015 (Bloomberg). The price of the futures remain stable with sideways price action yesterday, the futures are now trading within the longer-period EMA's which are acting as a resistance. Intraday P&M are aligned to the buy side with the current open candle trading on the daily pivot point (USD 2,626), a close on the 4-hour candle below this level with the RSI at or below 46 (currently 48.5) would mean intraday P&M are aligned to the sell side. The intraday technical is bearish/neutral as the upside move is deep into the last bear wave, above USD 2,647.5 price will have made a new high meaning it is bullish based on price. Corrective moves that hold at or above USD 2,600 will support a bull argument, below this level price will target the USD 2,581.5 fractal support. Resistance is at USD 2,647.5, 2,680, USD 2,696 with support at USD 2,616, USD 2,609, and USD 2,600.

Zinc

The futures continue to move higher on the back of output curbs at Chinese smelters. The intraday technical is bullish with the futures trading to a high of USD 3,330, intraday P&M are aligned to the buy side. Upside moves above USD 3,375 on the daily technical will create a higher meaning it would be bullish. Downside moves on the 4-hour candle that close below USD 2,387 with the RSI at or below 59 would mean intraday P&M are aligned to the sell side. However, corrective moves that hold at or above USD 3,187 will further support a bull argument. The intraday is technically bullish, price now needs to trade above the USD 3,375 resistance to take the daily into bull territory. Resistance is at USD 3,349.5, USD 3,375, USD 3,398 with support at USD 3,287, USD 3,247, and USD 3,222.

Nickel

The futures failed to trade above the USD 20,440 resistance yesterday with price opening below the daily pivot (USD 20,231) resulting in price trading lower in the Asian session. Intraday price and momentum are aligned to the sell side with the RSI now below 50, corrective moves lower that hold above USD 19,838 will support a bull argument, below this level the futures will target the USD 19,565 fractal support. A close on the 4-hour candle above USD 20,231 with the RSI at or above 53.5 (currently 47) would mean intraday price and momentum are aligned to the buy side. The intraday technical is bearish with P&M aligned to the sell side, suggesting support levels could be tested. Resistance is at USD 20,370, USD 20,440, USD 20,641 with support at USD 19,838, USD 19,789, and USD 19,647.

Lead

We noted yesterday that there had been 3 tests to the upside with downside moves failing to gain impetus, warning that the trend could potentially be about to reverse. Price closed above the USD 2,202 pivot level on the 4-hour candle meaning intraday P&M were aligned to the buy side with the futures rallying USD 95.00 to a high of USD 2,297.5. Market support has come from lead inventories dropping on both the LME and SHFE. Downside moves on the 4-hour candle that close below USD 2,261 with the RSI at or below 44.5 (currently 56.5) would mean intraday P&M are aligned to the sell side. Resistance is at USD 2,306, USD 2,313.5, USD 2,332.5 with support at USD 2,261, USD 2,253, and USD 2,240.

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