



# Base Morning Intraday Note

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## Copper

A down day yesterday for copper on the follow through from the previous days fed comment. Going into the E.U close momentum on the daily chart had looked vulnerable as the RSI was below 50 with the stochastic in overbought territory, price traded down to (just below) our USD 9,473 support before finding buying support into the U.S. close. The daily RSI is now at 50 with the stochastic still overbought, if the RSI holds above 50 then the overbought stochastic is considered as less relevant, at this point momentum continues to remain vulnerable to a test to the downside. Price has rallied on the Asian open after a 9,000 ton fall in SHFE coppers stockpiles, the futures are above the daily pivot (USD 9,568) but intraday price and momentum are conflicting. A close above this level on the 4-hour candle with the RSI at or above 53 (currently 46.5) would mean P&M are aligned to the buy side, whilst a close below this level would warn the technical could weaken further. The intraday is bearish, daily momentum is vulnerable with key support at USD 9,473. If we hold, we remain in bull territory on the daily chart, if broken we have the potential for further weakness. Resistance is at USD 9,639, USD 9,694, USD 9,738 with support at USD 9,553, USD 9,473, and USD 9,365.

## Alu

Orders to withdraw aluminum from warehouses tracked by the London Metal Exchange have risen more than 10% each trading day this week. That's as rising power costs force reductions in output at smelters including Aluminum Dunkerque Industries France and Alcoa Corp.'s Spanish plant. Inventories of the metal tracked by the LME are near the lowest levels since 2007 (Bloomberg). The draw in stockpiles has pushed the future to a high of USD 2,980, from a technical perspective we continue to have a marginal divergence, however with smelters continuing to cut output this divergence does have the potential to fail, it is worth noting that we do not have a divergence on the daily chart. Intraday P&M are aligned to the buy side, a close on the 4-hour candle below USD 2,912 with the RSI at or below 65.5 (currently 73) would mean intraday price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,912 will support a bull argument, below this level the intraday technical is neutral/bullish, below 2,877 it is bearish. Resistance is at USD 2,980, USD 3,014, USD 3,035 with support at USD 2,940, USD 2,928, and USD 2,912.

## Zinc

China's refined zinc output stood at 513k tons in Dec., -1.2% from month ago and -7.3% from year ago, according to Shanghai Metals Market, citing their monthly survey of smelters (Bloomberg). The downside move yesterday held the longer-period EMA's but price did trade below the USD 3,524 support, meaning the intraday technical is now neutral bullish. Price rallied into the U.S open resulting in the futures opening above the daily pivot (USD 3,552), however intraday P&M are conflicting. Upside moves on the 4-hour candle that close above this level with the RSI at or above 61 (currently 58.5) would mean it is aligned to the buy side; likewise, a close below this level would mean it is aligned to the sell side. Above USD 3,611 the futures will create a second negative divergence, warning of a momentum slowdown whilst below USD 3,511 the intraday technical is bearish. Resistance is at USD 3,595, USD 3,611, USD 3,645 with support at USD 3,552, USD 3,507, and USD 3,479.

## Nickel

Technically bearish yesterday the futures traded down to the USD 20,183 support before rallying into the close; however, the close below USD 3,556 is warning that daily momentum is weakening based on price. Intraday price and momentum are conflicting. A close on the 4-hour candle above USD 20,395 with the RSI at or above 57.5 (currently 54.5) would mean P&M are aligned to the buy side, likewise a close below this level with the RSI at or below 53 would mean it is aligned to the sell side. The daily technical is bullish with the RSI holding above the moving average, the current daily candle has made a higher high and higher low indicating the market remains supported, however the session is young with payroll figures out later in the day. Resistance is at USD 20,713, USD 20,820, USD 21,165 with support at USD 20,395, USD 20,067, 19,960.

## Lead

Intraday price and momentum are aligned to the buy side, but the futures remain in range. Moving averages are flat supporting a neutral environment, the daily technical is neutral/bearish, above USD 2,334 the daily technical is bullish. Resistance is at USD 2,334, USD 2,347, USD 2,357 with support at USD 2,295, USD 2,278, and USD 2,268.