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FIS

Base Morning Intraday Note

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Copper

Stockpiles of metals including aluminum and nickel tracked by the market's biggest exchange fell again, stoking worries about tighter supplies that recently sent prices rallying. The rapid drawdowns in freely available inventories are lending support to metals, even as traders mull the knock-on consequences for manufacturers as the Federal Reserve prepares to hike interest rates to rein in inflation. Base metals futures were mixed on Thursday, after a jump on Wednesday that pushed the London Metal Exchange's price index to the highest since October (Bloomberg). The futures have entered a corrective phase in what looks like a 3-wave pattern that has held at the USD 9861 Fibonacci support. A close on the 4-hour candle above USD 9,960 with the RSI at or above 65 (currently 60) would mean intraday price and momentum are aligned to the buyside. Downside moves that's hold at or above USD 9,707 will support a bull argument, below this level the technical is neutral/bullish. Resistance is at USD 9,960 USD 10,008, USD 10,072 with support at USD 9,861, USD 9,796, and USD 9,707.

Ali

As previously noted on copper, base markets remain supported on tighter supplies. The futures have entered a corrective phase on the back of the negative divergence leaving in today price and momentum aligned to the sell side. Upside moves on the 4- hour candle above USD 2,957 with the RSI at or above 62 (currently 55) would mean intraday price and momentum are aligned to the buyside. We are conscious that the pullback has been on the back of a divergence; however, at this point the moving averages remain stable and well-spaced with the RSI above 50 and the stochastic oversold, momentum is warning the futures are vulnerable to a test to the upside. Resistance is at USD 2,977, USD 3,030, USD 3037 with support at USD 2,937, USD 2,912, and USD 2,897.

Zinc

The futures continue to move sideways having entered a corrective phase on the 10th. Upside moves remain below the USD 3,600 resistance with the last three pivot points being flat, meaning intraday price and momentum indicators are giving false signals. Upside moves about the USD 3,600 will be considered bullish, however above USD 3,611 we have the potential to create a negative divergence with the RSI, this is not a sell signal, but it does warn that we have the potential to see a momentum slowdown on a new high. Technically bearish based on the lower low, the longer period moving averages have now started to flatten and compress, indicating a lack of trend in the market. Resistance is at USD 3,600, USD 3,611, USD 3,637 with support at USD 3,503, USD 3,484, and USD 3,479.

Nickel

Nickel extended gains to the highest in more than a decade after top supplier Indonesia said it's considering a tax on exports, fueling a rally driven by projected demand from electric vehicles. Indonesia is studying a progressive levy on nickel pig iron and ferronickel that could be imposed as soon as this year, according to a government official. The move would raise costs for overseas refiners, potentially pushing prices higher. Nickel has gained nearly 10% this week after Tesla Inc. moved to secure future supplies from Talon Metals Corp (Bloomberg). The futures held support on the shorter period moving averages with price opening and holding above the daily pivot point at USD 22,035, intraday price and momentum are aligned to the buy side; however, this will need to be confirmed on the candle close above this level with the RSI at or above 70.5 (currently 70.5). A close on the 4-hour candle below USD 22,035 with the RSI at all below 66 would mean price and momentum are aligned to the sell side. If P&M does become aligned to the sell side, it will warn that the futures could be in a more complex correct phase. Resistance is at USD 22,745, USD 22,772, USD 22,921 with support at USD 22,035, USD 21,710, and USD 21,578.

Lead

The futures held support yesterday with price moving higher in the US session and on the Asian open, suggesting we are seeing a bullish breakout that is holding above the USD 2,244 fractal resistance. Intraday price and momentum are aligned to the buyside with the RSI making a new high, supporting a bull argument, a close on the 4- hour candle below USD 2,348 with the RSI at or below 58 (currently 64) will mean price and momentum are aligned to the sell side. We note that there is a divergence on the MACD which could be an early warning of the potential for a momentum slow down. Technically bullish resistance is at USD 2,379, USD 2,389, USD 2,399 with support at USD 2,348, USD 2,321, and USD 2,301.

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