FIS

Base Morning Intraday Note

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Copper

London copper prices edged higher on Wednesday amid an improved risk appetite and subdued U.S. dollar, while Aluminium hovered close to a 14-year high touched in the previous session on investor concerns over tight supply and dwindling inventories. Three-month copper on the London Metal Exchange (LME) was up 0.3% at $9,811 a ton, as of 0325 GMT, while the most-traded March copper contract on the Shanghai Futures Exchange eased 0.1% to 70,500 yuan ($11,082.47) a ton. Asian shares rose as tech stocks tracked a strong overnight finish on Wall Street. The dollar index weakened 0.1%, making greenback-denominated metals cheaper for those holding other currencies, while investors awaited U.S. inflation data this week for clues on the pace of Federal Reserve policy tightening (Reuters). Having initially opened firmer the futures have come under pressure with price now testing the daily pivot point at USD 9,781. The futures themselves remain in a consolidation phase with price and momentum indicators giving false signals, corrective moves lower that hold above the USD 9,610 level will support a bull argument, below this level the technical will have a neutral bias. Upside moves above the USD 9,850 fractal resistance would warn that buyside momentum is improving based on price. Resistance is at USD 9,850, USD 9,906, and USD 9,964 With support at USD 9,734, USD 9,680, and USD 9,610. **The intraday technical is bullish but in consolidation.**

Ali

Aluminum, the best-performing base metal this year, traded near the highest level in more than 13 years, as a flareup in virus infections in China squeezed output further in a market already reeling from supply shortages. Prices rose for a fifth session after a resurgence in Covid-19 cases in Baise city in Guangxi province disrupted the metal's supply chain. A lockdown in the city has curtailed 2.2 million tons of alumina capacity, according to researcher Shanghai Metals Market (Bloomberg). Having noted that the futures had traded above the USD 3,175 resistance yesterday, using the Williams approach we targeted the USD 3,240 and USD 3,303 levels. Price traded to a high of USD 3,236 before producing a bearish intraday rejection candle, upside moves above this level will target USD 3,395. A close on the 4-hour candle below USD 3,185 with the RSI at or below 63 (currently 68) would mean intraday price and momentum are aligned to the sell side; However, corrective moves lower that hold at or above USD 3,056 will support a bull argument, below this level the technical will have a neutral bias. Support is at USD 3,198, USD 3,132, and USD 3,100. **Technically bullish.**

Zinc

LME zinc inventory has fallen back after climbing to a two-and-a-half-month high of 209,175 mt on December 14 last year. As of February 3, LME zinc inventory fell to a new low in nearly two months of 154,200 mt, which is constantly approaching the previous low of 150,400 mt. In contrast, SHFE zinc inventory continued to rise and increased by 22.83% to 92,333 mt in the week of January 28, setting a new high in eight and a half months (SMM). Having previously broken the small double top at USD 3,636.50 and looking like buyside momentum was improving; However, the futures came under pressure yesterday with price trading to a low of USD 3,590. Intraday price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 3,613 with the RSI at or above 54.5 (currently 49) would mean price and momentum are aligned to the buyside. This technical is range bound meaning it has a neutral bias. Upside moves that fail at or below USD 3,634 will leave the technical vulnerable to further tests to the downside, above this level the futures will target the USD 3,657 fractal high. Resistance is at USD 3,613, USD 3,623, USD 3,634 with support at USD 3,590, USD 3,583, and USD 3,563. **Technically neutral.**

Nickel

The futures came under pressure in the Asian session yesterday and continued to move lower through the course of the day. The intraday technical had been considered as bullish providing we held above the USD 23,054 support, price traded below this level before creating a lower low in the market, taking the technical into bearish territory. Price has traded above but failed to hold above the daily pivot point at USD 22,866, meaning intraday price and momentum remain aligned to the sell side. A close above this level with the RSI at or above 58.5 (currently 56) would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,256 remain vulnerable to further tests to the downside, above this level the futures will target the USD 23,685 fractal resistance, which would take the technical back into bull territory. Resistance is at USD 22,866, USD 23,055, USD 23,256 with support at USD 22,425, USD 21,955, and USD 21,880. **Technically bearish, the 4-hour EMA's are now flat indicating there is a lack of trend in the market.**

Lead

The trend in lead remains technically bearish with the moving averages well-spaced indicating it is stable. However, having previously created a positive divergence the futures are now consolidating, intraday price and momentum are aligned to the buyside, but the last three daily pivot points are flat, making this a less reliable indicator at this point. Downside moves below USD 2,183 will create a lower low in the market, however due to the potential to create further divergences the futures are not considered a technical sell below this level. Upside moves above USD 2,228.5 will target the USD 2,245 fractal resistance, above this level the intraday technical is bullish, leaving it to target the USD 2,254 and USD 2,287 resistance levels. Support is at USD 2,183, USD 2,168, and USD 2,151. **The technical is neutral/bearish and in trend but not considered a technical sell at this point due to the potential positive divergence on a new low, meaning the technical is now conflicting.**