



# Base Morning Intraday Note

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## Copper

Copper came under pressure alongside oil yesterday after the German chancellor went on record to say that they will not stop buying Russian fuel. A big intraday pullback saw the red metal drop around USD 400 to USD 10,212, crucially we held the USD 10,151 support highlighted in the close report. Volatility is not going away, in the Asian session we continue to see a short squeeze in Nickel, whilst Iron ore is moving to new highs on anticipation of a better construction season. The squeeze in the market has seen copper rally USD 425 higher in the Asian session with the futures above all key moving averages; however, intraday price and momentum are conflicting as the RSI is below its moving average. A close on the 4-hour candle above USD 10,457 (currently 300 bucks above) with the RSI at or above 67.5 (currently 63) will mean price and momentum are aligned to the buy side. Our intraday oscillator would suggest we are either in a complex corrective wave 4 or we are about to see a wave extension, if we trade above USD 10,845 then we have entered a wave 5 of the current wave 3. This means wave extension and indicates corrective moves lower should be considered as countertrend, if we fail to make a new high, we are in a complex wave 4 meaning we still have another bull wave to come. In either scenario downside moves should be considered as being against the trend. Resistance is at USD 10,706, 10,845, USD 10,921 with support at USD 10,457, USD 10,319, and USD 10,151. Technically bullish with price looking like we could potentially be on an extended wave 3.

## Alu

Like copper Alu weakened yesterday afternoon on the back of falling energy prices; however, the futures held above our key resistance at USD 3,598, keeping the technical in bull territory. Price is above all key moving averages with the RSI above 50 whilst the stochastic is oversold, momentum is vulnerable to a test to the upside. Price is above the daily pivot point (USD 3,826) but the current candle is still open, a close above this level with the RSI at or above 75.5 (currently 63) will mean P&M are aligned to the buy side, if we close below it, we are aligned to the sell side. Elliott wave analysis would suggest we are in a corrective wave 4 of this phase, if we trade above the USD 4,073.50 high then it is part of an extended wave 3, if we move lower, it could potentially (depending on our momentum indicators) be a higher timeframe corrective wave 4. Again, like copper in both cases, downside moves are against the trend. Resistance is at USD 4,073.5, USD 4,216, USD 4,277 with support at USD 3,826, USD 3,713, and USD 3,598. Technically bullish, although price and momentum are conflicting the RSI stochastic combo would suggest we are vulnerable to a test to the upside.

## Zinc

Nickel will get all the glory this morning, but Zinc is also pushing hard as we continue to see supply concerns that have been heightened by the Russian invasion of the Ukraine. The futures produced a strong upside move on the Asian open with price rising 195 to USD 4,896. We have seen the futures pullback to USD 4,560 but the technical remains bullish with price above all key moving averages, supported by the RSI above 50, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 4,141 with the RSI at or below 72.5 (currently 81) will mean P&M are aligned to the sell side; however, corrective moves lower that hold at or above USD 4,344 will support a bull argument (Note, this is above the daily pivot point), below this level the technical will have a neutral bias. This is an Elliott wave 3, meaning downside moves are against the trend, implying we will have further tests to the upside. Resistance is at USD 4,896, USD 5,041, USD 5,137 with support at USD 4,576, USD 4,478, and USD 4,344. Bullish.

## Nickel

Nickel spiked briefly above \$100,000 a ton on the London Metal Exchange amid a short squeeze that's embroiled a major Chinese bank and encouraged rule changes from one of the world's top commodity exchanges. The material used in stainless steel and electric-vehicle batteries surged as much as 111% to \$101,365 a ton after closing 66% higher the day before. It pared gains to be up 74% at \$83,500 a ton as of 3:10 p.m. in Shanghai. The market on the LME is in the grip of a massive squeeze in which holders of substantial short positions are being forced to cover at a time of low liquidity. To give a sense of nickel's dizzying surge, it has risen around \$11,000 a ton over the last five years. This week alone, it's jumped by as much as \$72,000 (Bloomberg). I am not going to lie; I am not sure how you mark this from a technical basis, but we will give it a shot. Support is at USD 72,136, USD 63,169, and USD 51,011, downside moves that hold above the USD 51,011 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 101,365, USD 112,174, and USD 124,374. To be honest I am not sure how valid the resistance levels will be as the market is showing extreme volatility, or how valid any Elliott wave cycle is on this short squeeze.

## Lead

Like the rest of the base complex, lead is moving higher with the futures trading up to USD 2,700 on the Asian open, price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side. Price is on a bullish Elliott wave 3 indicating downside moves are against the trend. Corrective moves lower that hold at or above USD 2,530 will support a bull argument, below this level the technical will have a neutral bias. Resistance is at USD 2,649, USD 2,700, USD 2,735 with support at USD 2,602, USD 2,571, and USD 2,530. Technically bullish the daily pivot is at USD 2,472 which is below our key support, meaning it will have little relevance at this point.