Base Morning Intraday Note

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Copper

The futures traded to a new high on the Asian open (USD 10,160) but have failed to gain any real momentum since the close last night. The new high on the open means the 1-hour technical has created a negative divergence with the RSI, not a sell signal it does warn of the potential for a momentum slowdown. The 4-hour technical continues to produce flat EMA's (30-60 period) indicating a lack of trend in the market, this is supported by the RSI which at 51 which is near neutral. Intraday price and momentum are aligned to the buyside, a close on the 4-hour candle below USD 10,055 with the RSI at or below 43.5 (currently 51) will mean price and momentum are aligned to the sell side. Technically neutral, resistance is at USD 10,259, USD 10,337, USD 10,486 with support at USD 10,055, USD 10,018, and USD 9,794.

Ali

Aluminum rebounded from its lowest in about a month as China's spreading Covid-19 outbreaks start to disrupt logistics in the world's top market. China has intensified restrictions to contain a recent wave of Omicron cases that's denting the outlook for economic growth. While commodities demand may be affected, investors are also monitoring the effects on supply chains -- just like two years ago when coronavirus first swept China. Some aluminum smelters are having trouble receiving raw materials like alumina, or else shipping alumina ingot, according to researcher Shanghai Metals Market. That's already led to a drop in inventory levels in major consumption hubs, it said. Logistical issues and robust export demand are tightening the Chinese market, said Wang Rong, an analyst with Guotai Junan Futures Co. Exports from China rose 23% in the first two months of this year, and traders have been busy shipping out more after a recent surge in global prices (Bloomberg). Having sold off in the U.S. session the futures have rallied on the Asian open with price now on the daily pivot point (USD 3,295). Intraday price and momentum are conflicting, a close above this level with the RSI at or above 44.5 (currently 43.5) will mean P&M are aligned to the buyside; likewise, a close below this level with the RSI at or below 40 will mean it is aligned to the sell side. The longer-term trend remains in a corrective phase with a neutral bias, the USD 3,219.5 low is looking vulnerable in the near-term as price is below all key moving averages. Resistance is at USD 3,351, USD 3,392, and USD 3,447 with support at USD 3,219.5, USD 3,108, and USD 2,995.

Zinc

Zinc traded near a two-week low as London inventories rebounded and China's virus outbreak dampened the demand outlook across commodities. On Wednesday, zinc wavered following five days of losses amid signs of rising supply and weakening demand. The market of the metal used in galvanizing steel has swung to a so-called contango in a sign of ample immediate supply, as inventories in LME warehouses rose for the first time in more than month (Bloomberg). The futures continue to move sideways, we did see a test to the downside yesterday on the inventory bounce, to trade to a low of USD 3,771; however, price is moving higher on the back of the 1-hour divergences that formed on Tuesday. The technical continues to have a neutral bias based on the flat EMA's but momentum remains vulnerable to a test to the downside, as the RSI is below 50 whilst the stochastic is overbought. Technically neutral within a longer-term bull trend, the lower timeframe 1 hour chart has rallied on a positive divergence but is finding resistance on a negative divergence. Resistance is at USD 3,990, USD 4,053, USD 4,117 with support at USD 3,736, USD 3,546, and USD 3,481.

Nickel

Nickel prices tumbled by the maximum allowed as the market reopened in a messy sequence of false starts, with a glitch halting electronic trading for several hours and only a handful of contracts changing hands. For the London Metal Exchange, already facing the wrath of investors for its decision to cancel $3.9 billion in trades last week, it was another embarrassing set-back. The turmoil in nickel has plunged the metals industry into chaos, after a huge, short squeeze focused on Chinese ty-coon Xiang Guangda drove the price up by an unprecedented 250% in little more than 24 hours last week. "What a debacle," said Ole Hansen, head of commodities strategy at Saxo Bank A/s. "The LME is not doing itself any favors." (Bloomberg). I think there is little to add to this!

Lead

Technically bearish the futures are holding above the USD 2,220 Fibonacci support. The RSI is below 50 but moving higher and is now above its moving average, intraday price and momentum are aligned to the buyside. A close on the 4-hour candle be-low USD 2,258 with the RSI at or below 36.5 (currently 41.5) will mean price and momentum are aligned to the sell side. Tech-nically little has changed since yesterday, price is making small gains on the back of a positive divergence on the lower 1-hour chart from the 15/03/21, but we are talking 40 dollars. Resistance is at USD 2,311, USD 2,336, USD 2,371 with support at USD 2,220, USD 2,161, and USD 2,087.