



Base Morning Intraday Note

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Copper

The futures have come under pressure in the Asian session with price dropping USD 100 plus on the open after the northern city of Tangshan introduced emergency traffic controls on the roads on Sunday to limit transmission of the COVID-19 virus (Bloomberg). With China having its worst outbreak in two years, the re-emergence of the virus is rising concerns over economic growth in the world's second largest economy. Price is below the daily pivot point meaning intraday price and momentum are conflicting, but we remain above USD 10,010, a key support with price bullish above this level and neutral below. This is the first real corrective move lower since the 15/03/22 when the Chinese government vowed to stabilize its economy. Upside moves on the 4-hour candle that close above USD 10,297 with the RSI at or above 57 (Currently 55) will mean price and momentum are aligned to the buy side. The technical is bullish supported by Beijing's comments last week but COVID is a concern right now, causing uncertainty in the market. Resistance is at USD 10,297, USD 10,380, USD 10,486 with support at USD 10,166, USD 10,100, and USD 10,010.

Alu

Australia's move to ban alumina exports to Russia is heaping more pressure on Moscow-based aluminum giant United Co. Rusal International PJSC and pushing up prices of the so-called everywhere metal. Aluminum jumped and Rusal shares tumbled as Rio Tinto Group, operator of the Queensland Alumina Ltd. joint venture with the Russian company, said it would comply with all of Canberra's directions. Rio reiterated that it was in the process of terminating its commercial relationships with Russian businesses following the country's invasion of Ukraine. Rusal holds a 20% stake in the Queensland JV. Australian Prime Minister Scott Morrison said that a ship due to dock this week to collect a load of alumina -- the key ingredient used in making aluminum -- bound for Russia would not deliver its cargo as he announced the ban on Sunday. Australia supplies nearly 20% of Russia's alumina and its exports of aluminum ores, including bauxite, to Russia have also been prohibited (Bloomberg). A strong upside move on the open has pushed price to a high of USD 3,554, above USD 3,557.5 will mean the intraday technical will have made a higher high, indicating the intraday technical is in bullish territory. Price and momentum are aligned to the buy side, supported by the futures being above all key moving averages. Downside moves that hold at or above USD 3,425 will support a bull argument, below this level the futures will have a neutral bias, a close on the 4-hour candle below USD 3,401 with the RSI at or below 46.5 (currently 57.5) will mean price and momentum are aligned to the sell side. Technically bearish with the neutral bias the futures look like they could enter bullish territory very soon. Resistance is at USD 3,557.50, USD 3,657, USD 3,695 with support at USD 3,479, USD 3,457, and USD 3,425.

Zinc

The futures are USD 64.00 higher, but the trend has a neutral bias. Both the averages and the daily pivot levels remain congested, supporting a lack of trend in the market, the longer-term technical remains neutral/bullish. Range resistance is at USD 3,939 with support at USD 3,730.

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Nickel

The first short squeeze to plunge the London Metal Exchange into an existential crisis came over a century ago. In 1887, French industrialist Pierre Secretan set out to corner the copper market, sending prices more than doubling before he lost his grip and they collapsed. In the years since, the exchange has survived world wars, scandals, and defaults to cement its place as a City of London institution: the home of global benchmark prices for the world's key industrial metals. That status is now under threat. The reason is another short squeeze, this time in nickel, that is wreaking havoc through the metal's world. Investors are furious with the LME for allowing prices to soar 250% in less than two days, then retroactively canceling \$3.9 billion in trades. When it tried to reopen the market, the exchange's electronic trading system malfunctioned repeatedly. The LME's outsized role in how industrial metals are bought and sold means that angry traders and investors have few alternatives. But the fallout from the nickel squeeze will cast a long shadow, embroiling the exchange in investigations and lawsuits for years, and raising questions about its structure, ownership, and oversight. "Suddenly the LME just looks incompetent," says Mark Thompson, a mining executive and former metals trader at Trafigura Group who has emerged as one of the exchange's most outspoken critics. "They need root-and-branch reform." (Bloomberg). Opened limit down, closed.

Lead

The futures remain technically bearish with the upside move on Friday's open failing at the longer-period EMA resistance band (30-60). However, the shorter period EMA's (3 – 15) are now flat, indicating that there is a neutral bias on the intraday technical, this is supported by the daily pivot points which have shown little movement for the last 4 sessions. Upside moves that fail at or below USD 2,371 will leave the technical vulnerable to further tests to the downside, above this level the futures will target the USD 2,437 fractal high. 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.