



Base Morning Intraday Note

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Copper

According to SMM research, the copper inventory in Guangdong decreased for five consecutive days, mainly due to the improved copper consumption brought by the cancellation of closed-loop management in most areas in Shenzhen, Dongguan and other areas. Due to the massive outflow of warrants, traders can only lower the premiums to clinch a deal despite the continuous decline in inventory. In general, the replenishment desire of end-users is not high and lots of warrants flow out of the market amid high copper prices. Thus, the release of copper in the following market is of utmost concern (SMM). Having created a higher high in the market last week the futures have entered a consolidation phase with sideways action for the last two sessions. Price and momentum are aligned to the sell side, but the candle is still open, meaning confirmation is needed. A close on the 4-hour candle below USD 10,260 with the RSI at or below 53.5 (currently 53) will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 58 will mean it is aligned to the buy side. Downside moves that hold at or above USD 10,010 will support a bull argument, below this level the futures will have a neutral bias; however, upside moves that fail at or below USD 10,486 will leave the technical vulnerable to further tests to the downside. Technically bullish based on price, the moving averages have flattened again warning we are not in trend at this point. Resistance is at USD 10,380, USD 10,486, USD 10,589 with support at USD 10,166, USD 10,100, and USD 10,010.

Alu

The futures traded above fractal resistance yesterday (USD 3,557.5) after Australia banned exports to Russia; however, the intraday price failed to make further gains above USD 3,574, resulting in a bearish rejection candle on the 4-hour chart. Price is holding above the daily pivot point (USD 3,504) supported by the RSI above its moving average, intraday price and momentum are aligned to the buy side. A close below this level with the RSI at or below 51.5 (currently 56.5) will mean it is aligned to the sell side. Downside moves that hold at or above USD 3,434 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves above the high of the rejection candle (USD 3,574) could trigger intraday buyers to enter the market (Larry Williams). Technically bullish, price needs to trade above the USD 3,574 high for upside continuation. Resistance is at USD 3,574, USD 3,619, USD 3,641 with support at USD 3,504, USD 3,495, and USD 3,469.

Zinc

The futures traded above the USD 3,939 resistance yesterday but failed to hold above it. Intraday price and momentum continue to conflict with short- and long-term period EMA's flat, indicating a lack of trend in the market. The RSI at 51 is also neutral. Technically neutral.

Nickel

Nickel on the London Metal Exchange is getting closer to level-pegging with China's main market after several days of limit-down losses -- a sign that the metal's historic short squeeze is easing (Bloomberg). Opened, went Limit down, closed.

Lead

Like zinc the lead futures are now neutral but have a bearish bias as the longer period EMA's (30 – 60) continue to remain well spaced. The daily pivot points remain flat for the 5th session, suggesting false indicators with price and momentum, this is supported by the shorter-period EMA's which are also flat implying the intraday trend is neutral. Upside moves that fail at or below USD 2,371 will leave the technical vulnerable to further tests to the downside, above this level we target the USD 2,437 fractal resistance. Resistance is at USD 2,311, USD 2,336, USD 2,371 with support at USD 2,230.50, USD 2,220, and USD 2,161.

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