



# Base Morning Intraday Note

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## Copper

Copper edged lower as China's intensifying fight with the pandemic added to risks across metals markets. The commercial hub of Shanghai is in the midst of a phased lockdown, deepening the nation's battle to contain a resurgent coronavirus. That's hitting sentiment over the top commodity consumer's fragile economic recovery and leaves metals investors trying to understand the effects on both supply and demand. "Physical copper trades in China are extremely muted after warehouses in Shanghai were locked down for covid curbs, reducing deliverable stockpiles and market participation," researcher Shanghai Metals Market said in a note. Copper was down 0.3% at \$10,315 a ton by 12:32 p.m. Shanghai time, while aluminum and zinc were little changed after earlier gains (Bloomberg). The downside move on the open held the USD 10,162 support resulting in the futures moving higher, a muted open has seen price moving lower by USD 20.00 but price and momentum remain aligned to the buyside. A close on the 4-hour candle below USD 10,298 with the RSI at or below 49 (currently 52) will mean price and momentum are aligned to the sell side. The daily technical is holding above the longer period EMA's (30-60) which are well spaced, suggesting the trend is stable, a close above USD 10,369 will further support a bull argument; likewise, a close below USD 10,166 would imply the USD 10,052 support could be tested. Intraday resistance is at USD 10,420, USD 10,505, USD 10,589 with support at USD 10,162.5, USD 10,052, and USD 9,966. Technically bullish but in a corrective phase.

## Alu

United Co. Rusal International PJSC can't access its share of alumina from an Australian joint venture, adding to growing pressure on the Russian aluminum giant to find the raw materials it needs to feed its plants. While Australia banned exports of alumina and related products to Russia a week ago, it was unclear whether Rusal would still be able to take ownership of its share of production from the joint venture with Rio Tinto Group, and potentially ship it elsewhere. That has not been the case, according to people familiar with the matter, who asked not to be identified discussing private information (Bloomberg). The trend is technically bullish, but the futures are neutral with price effectively flatlining for the last two sessions. Intraday price and momentum are conflicting, a close on the 4-hour candle above USD 3,606 with the RSI at or above 58 (currently 55) will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 53.5 will mean it is aligned to the sell side. Downside moves on the daily technical that hold at or above USD 3,397 will support a bull argument, below this level the technical will have a neutral bias. Upside moves on the intraday above USD 3,742 will warn the USD 3,771 and USD 3,847 resistance levels could be tested; likewise, below USD 3,555 the futures will target the USD 3,480 and USD 3,397 support levels. Bullish but with a neutral bias.

## Zinc

A small move higher on the intraday technical yesterday means price and momentum are aligned to the buyside, a close on the 4-hour candle below USD 4,084 with the RSI at or below 55.5 (currently 58) will mean it is aligned to the sell side. The daily technical is bullish but the intraday looks to be consolidating a little, as price movement is limited. Upside moves above USD 4,195 will target the USD 4,320 and USD 4,504 resistance levels, downside moves that hold at or above the USD 3,976 level will support an intraday bull argument; likewise, on the daily technical this level is at USD 3,888.

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## Nickel

Nickel traded lower in extremely illiquid trading in London, leaving the market stuck in limbo once again in the wake of this month's massive short squeeze. Just 420 contracts changed hands in the first four hours of trading, as prices slumped to track overnight declines on the Shanghai Futures Exchange. Nickel, which is used in stainless-steel and electric-vehicle batteries, has dropped more than 12% over two sessions. However, prices are still headed for the biggest monthly gain since 1988, following an unprecedented 250% spike over two days in early March that prompted the LME to close the market for a week. An extreme lack of liquidity since the market reopened has left nickel exposed to erratic price moves, raising questions about the role and future of the LME as the place where benchmark prices are set for some of the world's most important industrial metals. There's been spill over into other metals too, with volumes and open interest falling sharply since the LME reopened the nickel market (Bloomberg). As previously noted, technical analysis is less reliable on illiquid markets due to the limited price data. The futures moved lower yesterday but confidence in the exchange has been damaged, until volumes pick up price action will be erratic.

## Lead

The futures are moving higher with intraday price and momentum aligned to the buy side; however, until the futures trade above USD 2,437 on the intraday, price remains bearish. A close on the 4-hour candle below USD 2,355 with the RSI at or below 52.5 (Currently 59) will mean price and momentum are aligned to the sell side. Technically bearish but with a neutral bias due to the depth of the pullback, upside moves above USD 2,389 will target the USD 2,437 and USD 2,450 resistance levels. Support is at USD 2,355, 2,328, and USD 2,313.