



Base Morning Intraday Note

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Copper

Copper rises in early Asian trading on signs of supply tightness, ANZ says. Prices of the industrial metal are finding support after copper-exporting Chile reported only small gains in supply, the bank says, noting that the country's reported output in February was 123.6 kilotons, up from 122.8 kilotons in the previous year. Brokerage Marex says that while copper market fundamentals are supportive of prices, a weak macroeconomic outlook could weigh. The three-month LME copper contract is last 0.1% higher at \$10,447.0 a ton (Bloomberg). The upside move in the futures has put price above all key moving averages with the faster moving EMA's now starting to separate, intraday price and momentum is aligned to the buy side supported by the RSI above 50. Upside moves above USD 10,520 (currently 10,498) will target the USD 10,589 and USD 10,764 resistance levels. A close on the 4-hour candle below USD 10,488 will warn that the daily pivot (USD 10,405) will be tested, a close below this level with the RSI at or below 49.5 (currently 60) will mean price and momentum are aligned to the sell side. Further support is at USD 10,368, corrective moves lower that hold at or above USD 10,324 will support a bull argument, below this level the futures will have a neutral bias.

Alu

The futures failed to hold onto early gains yesterday with price selling lower into the close, price however held key support at USD 3,397, meaning the intraday technical although corrective remains in bull territory, below this level the futures will have a neutral bias. The futures look to have seen buying support in the auction, as the close was up on the day but below the previous days close; a bullish small-bodied candle into the daily EMA support band would suggest market sellers should be cautious. A close today above USD 3,500 will warn that upside intraday resistance levels could be tested. A test to the downside on the Asian open has been met with buying support that has put price above the daily pivot point (USD 3,450), if we can hold above this level and the RSI can close above 46.5 on the 4-hour chart (currently 45.5), then price and momentum will be aligned to the buy side. Likewise, a close below this level with the RSI at or below 42 will mean it is aligned to the sell side. Upside moves that fail at or below USD 3,538 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 3,609 fractal resistance. Support is at USD 3,450, USD 3,397, USD 3,331 with resistance at USD 3,506, USD 3,538, and USD 3,609. The daily technical is bullish but in a corrective phase with price on the EMA support band.

Zinc

Zinc rose to its highest settled price since 2006 as further declines in exchange inventories add to mounting evidence of strained supply. The metal used in galvanizing has rallied 24% this year on the London Metal Exchange and spiked to a record intraday high of \$4,896 a metric ton on March 8 during frenzied LME trading that led the bourse to suspend activity in the nickel market. Prices dropped later that day to close virtually flat, but the metal is rallying again amid signs of a tightening supply outlook. Orders to withdraw zinc from warehouses tracked by the LME jumped by a third to reach 59,550 tons, the highest level since November. Freely available stocks have been tumbling on the bourse in recent weeks, putting pressure on consumers who have seen supplies dwindle as high-power prices force smelters to cut back production (Bloomberg). The daily trend is bullish with the EMA's (short and long) well-spaced, indicating we are in a stable trending environment; however, yesterday's candle had a small body warning that buy side momentum is slowing. If we look at the daily chart in a less conventional way on a line graph, then we would not have the bearish rejection candle (08/03) that illustrates the high at USD 4,896. The reason we highlight this is because this move was highly unusual, and without it we would have a negative divergence in the market, not a sell signal it does warn that we could in theory see a momentum slowdown soon. Unconventional, but something to be aware of. The intraday trend remains bullish, but price and momentum are conflicting, a close on the 4-hour candle above USD 4,330 with the RSI at or above 66.5 (currently 61) will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. Corrective moves lower that hold at or above USD 4,157 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 4,435, USD 4,504, USD 4,649 with support at USD 4,330, USD 4,274, and USD 4,224. Technically bullish and in trend, the 'unconventional' divergence will need to be monitored as it would be naive to think the whole world is looking at a candlestick graph!

Nickel

JPMorgan Chase & Co. is reviewing its business with some commodity clients after last month's nickel short squeeze, a move that threatens to drain more liquidity out of the sector. Senior management at JPMorgan has asked teams around the world to conduct fresh due diligence on some existing clients, including metals traders and oil refiners, according to people familiar with the situation. Risk assessments are also being conducted on certain financing functions, said the people, who asked not to be identified as the information is private. The U.S. bank is one of the largest players in global commodity markets and the biggest in metals by far. It was also a central participant in the nickel price spike that rocked the London Metal Exchange last month, as the biggest counterparty of Tsingshan Holding Group Co, the world's largest producer of the metal that's at the centre of the squeeze (Bloomberg). The intraday EMA's continue to flat line indicating a total lack of trend in the market. This is starting to look like a mass exodus and should be a serious concern for the LME, if you read between the lines, it would suggest there is a potential lack of confidence in the exchange. With little price movement and very little volume it would suggest this market is a long way off normality.

Lead

Having entered bullish territory in recent days the futures corrected yesterday with price pulling back to the 4-hour 30 period EMA on the close. EMA support has help with the futures moving higher on the Asian open; however, intraday price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 2,417 with the RSI at or above 61 (currently 55.5) will mean it is aligned to the buy side. Corrective moves lower that hold at or above USD 2,331 will support a bull argument, below this level the futures will have a neutral bias. Upside moves above the USD 2,453 fractal resistance have the potential to create a negative divergence with the RSI, not a sell signal it does warn we could see a momentum slowdown on a new high. Corrective moves lower on the daily technical that hold at or above USD 2,306 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 2,453, USD 2,509, USD 2,559 with support at USD 2,372, USD 2,355, and USD 2,331.