



Base Morning Intraday Note

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Copper

Copper rose with other base metals to head toward its second-highest close on record, as global mining disruptions continued to weigh on a market that's seeing inventories at alarmingly low levels. Two mines representing about a fifth of Peruvian copper exports are out of action. The incidents, which show global mining activities remain at risk of disruption from labour disputes and community instability, have heightened supply concerns, with inventories at warehouses tracked by the London Metal Exchange near the lowest in more than a decade. MMG Ltd. said Las Bambas, one of the biggest copper mines in Peru, will be unable to continue production after the local community protested its alleged failure to comply with its social investment commitments, according to a filing to Hong Kong Stock Exchange. Separately, a stoppage at Southern Copper Corp.'s Cujane mine that started on Feb. 28 after community members cut off its water supply is continuing (Bloomberg). The futures have gapped higher on the open with price above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side, the break above the USD 10,403 means the intraday technical is bullish. Downside moves that hold at or above USD 10,334 will support a bull argument, below this level the technical will have a neutral bias; likewise, a close on the 4-hour candle below USD 10,309 with the RSI at or below 50 (currently 59) will mean price and momentum are aligned to the sell side. Below USD 10,240 the futures will have broken fractal resistance meaning the intraday technical is bearish. Resistance is at USD 10,580, USD 10,707.50, USD 10,764.50 with support at USD 10,410, USD 10,378, and USD 10,334.

Alu

Overnight, the most-traded SHFE 2205 aluminium contract opened at 21,895 yuan/mt, with the highest and lowest at 22,200 yuan/mt and 21,885 yuan/mt before closing at 22,140 yuan/mt, up 300 yuan/mt or 1.37%. The LME was closed yesterday due to the Easter holiday but will open on Tuesday. On the supply side, domestic aluminium production in April is expected to exceed the level of the same period last year, but the recent poor transportation has continued to disrupt the shipments of aluminium smelters. Aluminium ingot social inventory fell by 24,000 mt from last Thursday to 1.04 million mt on Monday, which may support aluminium prices. Downstream operating rates are gradually picking up. The RRR cuts and expected recovery of consumption will underpin SHFE aluminium prices at highs in the short term (SMM). The futures started basing last week before closing for the Easter break with intraday price and momentum aligned to the buy side. Upside moves that fail at or below USD 3,357 will leave the futures vulnerable to further tests to the downside, above this level price will have a neutral bias, only above USD 3,427.50 will price have created a higher high taking the technical into bull territory. A close on the 4-hour candle below USD 3,279 with the RSI at or below 39.5 (currently 51) will price and momentum be aligned to the sell side; however, corrective moves lower that hold at or above USD 3,266 will support a bull argument, below this level the futures will target the USD 3,221 fractal support. The 4-hour technical is between the EMA resistance bands (30-60) which are well spaced but starting to flatten, indicating the intraday trend to the downside is becoming less stable. Resistance is at USD 3,357, USD 3,383, USD 3,427 with support at USD 3,303, USD 3,279, and USD 3,266. Technically bearish, price is testing the key resistance at USD 3,357.

Zinc

The futures held the EMA support band on the 12/04 resulting in the futures moving higher, intraday price and momentum are conflicting with price remaining in a bull trend. Alongside the rest of the base complex, we have seen the futures gap higher on the Asian open with price trading to a high of USD 4,540; the new high has created a negative divergence with the RSI, not a sell signal it does warn we have the potential to see a momentum slowdown, meaning it will need to be monitored. A close on the 4-hour candle below USD 4,422 with the RSI at or below 60 (currently 62) will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 64 will mean it is aligned to the buy side. Downside moves that hold at or above USD 4,284 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 4,540, USD 4,649, USD 4,896 with support at USD 4,422, USD 4,346, and USD 4,284. A cautious bull due to the negative divergence.

Nickel

Nickel prices may average lower in Q2 compared with the previous quarter and trade between \$24,000-\$38,000 a ton on the London Metals Exchange, Beijing Antaika Information Development Co. said in a research note. China's Covid-19 flareups and elevated nickel prices are constraining consumption. The share of lithium-iron phosphate (LFP) rechargeable batteries in the Chinese market may expand to 55% this year after nickel's rally boosted the cost of nickel, cobalt, manganese (NCM) batteries; in 2021, LFP batteries had 51.8% market share, the state-backed researcher said in note via its WeChat account (Bloomberg). The futures continue to show minimal price movement.

Lead

The futures traded above the USD 2,453.50 fractal resistance on the Asian open to a high of USD 2,483; however, price has created a negative divergence with the RSI warning we have the potential to see a momentum slowdown. The upside move on the open has produced a bearish rejection candle alongside the negative divergence, corrective moves lower that hold at or above USD 2,414 will support a bull argument, below this level the futures will have a neutral bias. Likewise, a close on the 4-hour candle below USD 2,430 with the RSI at or below 52.5 (currently 55) will mean price and momentum are aligned to the sell side. The futures are above the longer period EMA's (30-60) but remain compressed, meaning this intraday bull trend is not considered to be stable. Resistance is at USD 2,483, USD 2,509, USD 2,559 with support at USD 2,437, USD 2,430, and USD 2,414.