



# Base Morning Intraday Note

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## Copper

European metals and mining stocks may be active on Monday as iron ore falls below \$130 a ton in Singapore and copper extended a five-week decline after weak Chinese property data and a jobs warning from Premier Li Keqiang. Data on China's new-home sales in early May showed the sector is still struggling to recover while Li warned of a "complicated and grave" jobs situation as Beijing and Shanghai tightened Covid-19 curbs (Bloomberg). The futures have opened lower in the Asian session with price below all key moving averages supported by the RSI below 50; however, the RSI remains in divergence. Upside moves on the 4-hour candle that close above 9,436 with the RSI at or above 41 (currently 33) will mean price and momentum are aligned to the buy-side. The futures remain vulnerable below USD 9,619, above this level the intraday technical will have a neutral bias, whilst above USD 9,770 it will be bullish. Technically bearish with near-term support at USD 9,281, USD 9,139, USD 9,080 with resistance at USD 9,436, USD 9,496, and USD 9,549.

## Aluminum

China's metals imports slumped last month as virus curbs choked demand from industry, and the extended lockdown of Shanghai, the nation's biggest port, disrupted shipments to the eastern seaboard. Imports of iron ore, copper and copper ore all fell in April, both on-month and on-year, according to customs data on Monday, as China battled to contain its worst outbreak of the pandemic. While domestic demand continues to suffer, exports of aluminum from the world's biggest producer rose to their second-highest level ever of about 597,000 tons, fueled by growing shortages outside China due to disruptions to supply caused by Russia's invasion of Ukraine. Traders in China have also ramped up sales of alumina to Russia, which faces a shortfall of the feedstock for aluminum because of war and sanctions (Bloomberg). The futures continue to come under pressure alongside copper and iron ore with price trading to new lows on the Asian open. The futures remain below the intraday EMA band, which is well spaced, indicating the trend is stable, but we remain in divergence with the RSI. Not a buy signal it does warn of the potential for a momentum slowdown and will need to be monitored. Upside moves that fail at or below USD 2,957 will leave the futures vulnerable to further test to the downside, whilst above USD 3,035 the intraday technical is bullish. The futures are now trading on the base of the weekly EMA support band, meaning the futures remain in the support zone; however, the downside move since the 18/03 has been on reduced weekly volume, price is moving lower but lacks intensity at this point. If we trade below USD 2,581.5 the futures will have broken key fractal support on the weekly chart, at this point the longer-term trend/Elliott wave cycle will be considered as bearish. A close on the 4-hour candle above USD 2,873 with the RSI at or above 39 (currently 31.5) will mean price and momentum are aligned to the buy-side, above USD 3,035 the intraday technical is bullish. Resistance is at USD 2,873, USD 2,921, USD 2,957 with support at USD 2,791, USD 2,725, and USD 2,698. Technically bearish with price still in the long-term support zone with the positive divergence still in play.

## Zinc

Like the rest of the base complex the futures remain technically bearish with price testing downside support on the open with the futures showing a positive divergence, warning of the potential for a momentum slowdown. The intraday bear trend is stable, but the divergence will need to be monitored as price is testing the high of the weekly support band. Upside moves that fail at or below USD 3,952 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 3,802 with the RSI at or above 37 (currently 30) will mean it is aligned to the buy-side, above USD 4,065 the intraday technical is bullish. Downside moves below USD 3,740 will warn the USD 3,661 and USD 3,548 support levels could be tested. Resistance is at USD 3,862, USD 3,900, and USD 3,952. Bearish, there are warning signs that resistance levels could be tested based on the recent divergence, suggesting the downside move is looking a little overextended at this point.

## Nickel

The trend remains technically bearish, but price and momentum are conflicting. Volumes remain light at this point, indicating market participants are largely on the sidelines.

## Lead

Technically bearish and in trend with price and momentum aligned to the sell side. EMA resistance bands are well spaced indicating the trend is stable, but again we have a positive divergence with price warning of the potential for a momentum slowdown. Upside moves that fail at or below USD 2,292 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, a close on the 4-hour candle above USD 2,248 with the RSI at or above 45.5 (currently 37) will mean price and momentum are aligned to the buy side. The near-term technical is bearish with a potential downside target as low as USD 2,179; however, price looks to be on a wave 5 of C of this phase, suggesting this downside move has the potential to exhaust. Resistance is at USD 2,248, USD 2,272, USD 2,292 with support at USD 2,209, USD 2,179, and USD 2,138.