



Base Morning Intraday Note

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Copper

Having paused the bearish trajectory the previous day, copper prices improve during early Wednesday amid hopes of softer US inflation, as well as improvement in the covid conditions of its largest customer China. Also favouring the metal's price rebound are the softer US Treasury yields and the US dollar, as well as mildly bid equities. That said, the benchmark three-month copper on the London Metal Exchange (LME) gains over 1.0% with the latest price being \$9,330. Also, the most active June copper futures contract on Shanghai Futures Exchange (SFE) rises around 0.40% to 71,650 yuan (FXSTREET). The futures remain in a bearish trending environment but are showing signs that we could be basing having held above the USD 9,139 low from the 09/05. Intraday price and momentum are aligned to the buyside, but the futures are below the EMA intraday resistance band. A close on the 4-hour candle below USD 9,262 with the RSI at or below 34 (currently 40) will mean price and momentum are aligned to the sell side. Intraday Elliott waves analysis looks to be on wave 5 of wave C warning we have the potential to exhaust. Upside moves that close above the USD 9,589 will be above the weekly pivot point, implying the higher timeframe momentum is improving. Resistance is at USD 9,380, USD 9,454, USD 9,555 with support at USD 9,262, USD 9,139, and USD 9,036.

Alu

Readily available aluminium inventories in warehouses tracked by the London Metal Exchange dropped by 60,450 tons to 294,250 tons, reaching the lowest since December 2000. That's near the lowest ever, the decline was driven by a sharp rise in requests to withdraw aluminium from warehouses in Asia. LME aluminium prices were little changed at \$2,747 a ton after the data (Bloomberg). The futures traded to a new low with price testing but holding the USD 2,698 support level before rallying in the U.S session, to close the day with a Doji star candle, indicating indecision in the market. We have moved higher on the Asian open meaning price and momentum are aligned to the buyside, upside moves that fail at or below USD 2,920 will leave the futures vulnerable to further test to the downside, above this level the future will have a neutral bias. The RSI has recently made a new low indicating momentum weakness, suggesting upside moves should be countertrend, Elliott waves analysis supports this. A close on the 4-hour candle below USD 2,744 with the RSI at or below 29.5 will mean price and momentum are aligned to the sell side. Resistance is at USD 2,826, USD 2,866, USD 2,920 with support at USD 2,744, USD 2,698, and USD 2,669.

Zinc

As noted yesterday, the futures were looking a little overextended to the downside within a bearish trending environment. Price did trade to a new low but has created a positive divergence with the RSI, resulting in the futures moving higher on the open. Intraday price and momentum are aligned to the buyside, a close on the 4-hour candle below USD 3,617 with the RSI at or below 26.5 (currently 33) will mean price and momentum are aligned to the sell side. However, a downside move from here is likely to create a second divergence, suggesting the futures need to move higher in the near-term. Upside moves above USD 3,690.50 will create a higher high, meaning the technical is bullish based on price, wave analysis would indicate that corrective moves higher that fail at or below USD 3,898 remain vulnerable to further tests to the downside. Technically bearish, we continue to look oversold at these levels.

Nickel

Technically bearish on the intraday, the futures pared gains in the U.S session on the back of a small positive divergence, to close the day with a Doji star, indicating indecision in the market. Volume remains light, upside moves that fail at or below USD 29,799 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. If we close above USD 28,580 today, then we could see a test to the upside. Resistance is at USD 28,883, USD 29,272, USD 29,799 with support at USD 27,625, USD 27,360, and USD 26,377.

Lead

The futures moved lower yesterday resulting in price and momentum becoming aligned to the sell side before finding some small buying support into the close. Upside moves on the 4-hour candle that close above USD 2,136 with the RSI at or above 34.5 (currently 31.5) will mean price and momentum are aligned to the buy side; however, corrective moves higher that fail at or below USD 2,256 will leave the futures vulnerable to further tests to the downside. Technically bearish with price below the EMA resistance band, upside moves have the potential to be countertrend due to the RSI making new lows, however the futures look a little overextended to the downside here and have the potential to create a positive divergence below USD 2,107.50. Resistance is at USD 2,136, USD 2,193, USD 2,220 with support at USD 2,107.50, USD 2,085, and USD 2,018.