



# Base Morning Intraday Note

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## Copper

Copper extended a rebound along with most base metals from the lowest level this year, supported by robust US consumer spending and signs that China's Covid lockdowns are easing (Bloomberg). The upside moves in copper is now the strongest bull move we have seen since the market entered a corrective phase in mid-April. The futures made a higher high yesterday indicating the intraday technical is bullish based on price; however, the futures are struggling to trade above the EMA resistance band, which is starting to flatten and compress, suggesting the bear trend is becoming less stable. Intraday price and momentum are conflicting, a close on the 4-hour candle below USD 9,361 with the RSI at or below 46 (currently 49) will mean price and momentum are aligned to the sell side; Likewise, a close above this level will mean it is aligned to the buy side. Corrective moves lower that hold at or above USD 9,106 will support a bull argument, below this level the futures will have a neutral bias. Technically bullish based on price with the Elliott wave cycle warning we are potentially transitioning to the buy side, the futures now need to trade above and hold above the EMA resistance band (resistance band high – USD 9,402) if it is to gain buy side momentum. Resistance is at USD 9,361, USD 9,402, USD 9,526 with support at USD 9,244, USD 9,186, and USD 9,106.

## Alu

China's exports of unwrought aluminum and aluminum products may not rise sequentially in June as export profits shrink. The yuan's depreciation could make Chinese exports cheaper, but overseas prices have remained weaker than domestic ones as the market expects China's downstream demand to pick up after the Covid-19 outbreak is under control. China's exports of unwrought aluminum and aluminum products jumped 29% this year through April vs. a year earlier to 2.23 million tons, mainly due to rising overseas demand and export profits because of stronger LME prices than those on SHFE. The tight supply of primary aluminum in the West due to higher power costs and supply disruption in Russia caused some users to seek aluminum semis as an alternative (Bloomberg). The futures continue to move higher, in part supported by a weakening USD basket, price is now trading in the EMA resistance band, which is starting to flatten, suggesting the bear trend is becoming less stable. Upside moves that fail at or below USD 2,920 will leave the futures vulnerable based on price, whilst above USD 3,035 the intraday 4-hour technical will have made a higher high, meaning the futures are bullish based on price. However, as highlighted yesterday our intraday Elliott wave analysis would suggest that the upside move looks to be a countertrend Wave 4, suggesting there could be further tests to the downside. From a wave perspective key resistance is at USD 3,131. A close on the 4-hour candle below USD 2,866 with the RSI at or below 48.5 (currently 54.5) will mean price and momentum are aligned to the sell side. Corrective moves lower that hold at or above USD 2,764 will support a bull argument, below this level the futures will target the USD 2,697 low.

## Zinc

Like the rest of the Base complex, we initially witnessed a move higher in the Asian and European sessions before moving lower into the close. Upside moves that fail at or below USD 3,853 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. The upside move has failed to trade above the EMA resistance band whilst intraday Elliott wave analysis would suggest that we have seen a wave 3 extension, implying this upside moves is a countertrend wave 4. Intraday price and momentum are conflicting, a close on the 4-hour candle below USD 3,668 with the RSI at or below 40 (currently 46) will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Resistance is at USD 3,668, USD 3,756, USD 3,853 with support at USD 3,597, USD 3,550, and USD 3,513.

## Nickel

Little activity on low volume with the futures holding around the USD 26,105 low. The futures continue to produce a positive divergence with the RSI on the 4-hour chart, meaning that although bearish, the market is not considered a technical sell at these levels.

## Lead

Crude lead and refined lead smelters in Yongxing County, Hunan Province are currently subject to safety checks in the wake of an accident at a local smelter, and there is no word as to when production will resume. According to SMM's preliminary estimates, refined lead output will be reduced by 4,000-5,000 mt in May (SMM). The upside move in the futures yesterday rejected the EMA resistance band, resulting in a small move lower. Intraday price and momentum are conflicting, a close on the 4-hour candle below USD 2,107 with the RSI at or below 37.5 (currently 41.6) will mean it is aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Technically the trend is bearish with wave analysis suggesting the USD 2,056 low remains vulnerable. Resistance is at USD 2,162, USD 2,194, USD 2,238 with support at USD 2,056, USD 2,018, and USD 1,957.