



# Base Morning Intraday Note

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## Copper

Copper dropped from a five-week high amid continued volatility in risk assets as investors gauge uncertain prospects for the world economy. While tight supplies and relatively low stockpiles remain a support for metals, a broad price rebound since mid-May still looks tentative. Investors are trying to assess how global demand will fare as top consumer China exits strict lockdowns, but the rest of the world faces tighter monetary policy. Australia's central bank raised rates by more than expected Tuesday, a move that highlights the possibility of more hawkish policies to calm inflation. The fear is that higher borrowing costs worldwide will damage demand or even flip major economies into recession (Bloomberg). The futures opened below the daily pivot point before selling off in the Asian session, intraday price and momentum are now conflicting. Downside moves that hold at or above USD 9,527 will support a bull argument, below this level the futures will have a neutral bias. A close on the 4-hour candle below USD 9,776 with the RSI at or below 55 (currently 60) 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. The RSI is above 50 with the stochastic overbought on the 4-hour technical, price is above the EMA support band. However, on the 1-hour technical the RSI is above 50 with the stochastic oversold, price is testing its EMA support band, suggesting we have the potential to see an intraday test to the upside in the near-term, providing the 1-hour RSI can hold above 50. Technically bullish with price in a corrective phase, very short-term indicators would suggest we could find some intraday support around these levels (USD 9,679). Resistance is at USD 9,776, USD 9,826, USD 9,863 with support at USD 9,644, USD 9,594, and USD 9,527.

## Alu

We did see a test to the downside yesterday with price trading to a low of USD 2,720 before finding buying support in the market, below USD 2,697.50 the daily technical will produce a positive divergence with the RSI, not a buy signal it does warn of the potential to see a momentum slowdown. Technically bearish, price and momentum are aligned to the buy side, a close on the 4-hour candle below USD 2,775 with the RSI at or below 37 (currently 43) will mean it is aligned to the sell side. The Futures look to be on an Elliott wave 5 of this phase, suggesting we should in theory trade below the USD 2,697.50, if we do then we have a potential near-term downside target at USD 2,641; however, below USD 2,697.50 the minimum requirement for wave/phase completion will have been achieved with price in divergence on multiple timeframes, warning we have the potential to soon exhaust. Resistance is at USD 2,819, USD 2,851 USD 2,876 with support at USD 2,775, USD 2,706, and USD 2,674.

## Zinc

Technically bearish with a neutral bias yesterday the futures have moved lower, intraday price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,793 will support a bull argument, below this level the futures will have a neutral bias. The RSI is now neutral at 50 with the stochastic in oversold territory and price on its EMA support band; however, the band itself is compressed indicating the trend is not stable. If the RSI can hold above 50 then momentum is vulnerable to a test to the upside if it moves below 50 the oversold stochastic is less relevant. Countering this is the daily momentum, where the RSI is below 50 whilst the stochastic is overbought, higher timeframe momentum is suggesting that upside moves on the intraday could struggle to hold at this point. A close on the 4-hour candle above USD 3,885 with the RSI at or above 59 (currently 49) will mean price and momentum are aligned to the buy side, above USD 3,995 we have the potential to create a negative divergence with the RSI, not a sell signal it does warn that momentum is vulnerable to a test to the downside. The near-term intraday technical is in bullish territory; however, upside moves could struggle to hold at this point as the technical is starting to look vulnerable to a corrective phase. Key near-term support is at USD 3,793. Resistance is at USD 3,885, USD 3,949.5, USD 3,995.50 with support at USD 3,842, USD 3,793, USD 3,755.

## Nickel

The futures moved higher on light volume yesterday with price testing the USD 29,800 resistance; however, price remains vulnerable to further tests to the downside, as we remain below the USD 30,982 resistance. Jane Street have now joined Elliot in suing the LME.

## Lead

Lead prices gradually rebounded, basically covering the production costs of smelters. As the quotation of battery scrap was relatively stable, the profits of secondary lead smelters gradually repaired, and the enthusiasm for shipments improved rapidly. The mainstream quotation of secondary refined lead was in discounts of 100-150 yuan/mt (tax including) over SMM average price. In this case, the downstream purchased as needed, but the overall market transaction improved significantly due to the increase in supply (SMM). Having moved higher yesterday the futures have come under pressure on the Asian open with price trading below the daily pivot level (USD 2,206), intraday price and momentum are now conflicting. A close on the 4-hour candle below the daily pivot with the RSI at or below 54 (currently 59) 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. The intraday technical remains bullish, downside moves that hold at or above USD 2,180 will support a bull argument, below this level the futures will have a neutral bias. A bearish rejection candle going into the U.S close last night highlights the daily technical being in its resistance band with a neutral RSI and overbought stochastic. Elliott wave analysis suggests the technical is bullish, but with the daily chart at resistance whilst momentum is indicating we are vulnerable to a test to the downside we remain cautious at these levels, as the futures are vulnerable to a technical pullback here.