FIS

Base Morning Intraday Note

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Copper

Poor figures on Friday and warnings of a potential bond default pushed copper prices lower, resulting in the technical going from bullish to neutral based on the deep pullback. Intraday price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 9,933 with the RSI at or above 60 (currently 49) would mean price and momentum are aligned to the buyside. Corrective moves higher that fail at or below USD 10,123 will remain vulnerable to further tests to the downside; However, upside moves above this level will target the USD 10,289 high. Downside moves below USD 9,720 will be considered bearish. Resistance is at USD 9,933, USD 9,988, USD 10,045 we have support at USD,9,802, USD 9,720, and USD 9,680. **Bullish/ neutral.**

Ali

Aluminium resumed its rally toward an all-time high, and nickel spiked, as rising geopolitical tensions over Ukraine fuelled bullish sentiment in a market already buoyed by supply disruptions caused by higher energy costs. Tensions over Russia's military build-up near Ukraine are entering a potentially decisive week, with the U.S. warning an invasion may be imminent and President Vladimir Putin accusing America of failing to meet his demands. Moscow has repeatedly denied it plans to invade its neighbour, and a diplomatic push to try to resolve the situation is continuing (Bloomberg). Although we did see a rally into the close on Friday creating a downside rejection candle, price did make an intraday low first, meaning that be technical is bearish. The futures are currently trading on the daily pivot point, intraday price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 3,207 with the RSI at or above 62.5 (currently 54.5) will mean P&M are aligned to the buyside; however, upside moves that fail at or below USD 3,256 will leave the technical vulnerable to further tests to the downside. Technically bearish on the intraday, the rejection candle on the daily technical is warning that the USD 3256 resistance level could be tested, above this level the futures will target the USD 3,333 high with further resistance at USD 3,448. Support is at USD 3,141, USD 3,121, and USD 3,108. **Technically neutral, the rejection candle on the daily chart is warning resistance levels have the potential to be tested.**

Zinc

The increase in the domestic refined zinc output was less than expected in January. Causes of the output increment: Yunnan Wenshan Zinc & Indium resumed the production after maintenance, bringing major increments. Some smelters in Shaanxi increased their production, but the output was lower than expected. Some smelters in Gansu resumed normal production. Causes of the output reduction: Some small and medium-sized smelters in Hunan suspended the production for the Chinese New Year (CNY) holiday in mid-to-late January, resulting in major reductions. Some smelters in Guangxi were shut down for maintenance; some in Sichuan were operating under production restrictions. The domestic refined zinc output is expected to drop 64,600 mt on the month to 453,000 mt in February, down 18,200 mt or 3.87% on the year. The output is expected to total 971,000 mt from January to February, a year-on-year decrease of 4.23% (SMM). The futures moved lower on Friday resulting in a deep pullback, the intraday technical is neutral based with price and momentum aligned to the sell side. Upside moves on the 4-hour candle that close above USD 3,662 with the RSI at or above 59 (currently 56.5) would mean P&M are aligned to the buy side; However, corrective moves higher that fail at or below USD 3,698 remain vulnerable to further tests to the downside, above this level the futures will look to test the USD 3,744.50 high. Technically neutral/bullish, resistance is at USD 3,662, USD 3,677, USD 3,698 with support at USD 3,621, USD 3,617, and USD 3,588. **Bullish/neutral.**

Nickel

geopolitical tensions continue to support nickel prices with the futures creating a higher high on the Asian open. The near-term technical is bullish as price has traded above the USD 23,790 resistance level, leaving the futures to target the USD 24,350 and USD 24,435 resistance levels. A close on the 4-hour candle below USD 23,150 with the RSI at or below 54 (currently 57) would mean P&M are aligned to the sell side, whilst below USD 22,800 the intraday technical is bearish, further support is at USD 22,425. **Technically bullish but we have an intraday negative divergence warning that buyside momentum is currently vulnerable to a test to the downside.**

Lead

The SHFE lead was dragged down significantly by LME lead and hit the break-even point early last week, and then rebounded. The lead ingot inventory increased as expected after the CNY holiday. The enterprises from the lead industry chain kept resuming the production last week, and SMM will monitor inventory change of lead ingots. The 3% value-added tax (VAT) will be levied on the lead-acid battery scrap starting from March, which may increase the costs and tighten the supply of standard battery scrap. Hence the SHFE lead may move upward. The most traded SHFE lead contract is expected to trade between 14,950-15,550 yuan/mt this week (SMM). The pullback on Friday held above the USD 2,231 support keeping the technical in bull territory, below this level the futures will have a neutral bias. Intraday price and momentum are conflicting as the RSI is below its moving average. A close on the 4-hour candle below USD 2,255 will mean price and momentum are aligned to the sell side, above this level with the RSI at or above 59 (currently 54.5) will mean it is aligned to the buyside. Resistance is at USD 2,290, USD 2,325, USD 2,337 with support at USD 2,255, USD 2,245, and USD 2,231. **Technically bullish.**