

Copper

Copper slipped following three days of gains as investors assess geopolitical tensions over Ukraine and parse the Federal Reserve's latest comments for clues on its outlook for raising interest rates. The metal, seen as a barometer of the global economy, has been hovering around \$10,000 a ton after prices hit an all-time high of \$10,747.50 in May. On Thursday, there were mixed messages for investors seeking signals for the price direction of copper and other industrial materials. In geopolitics, U.S. officials rejected Russia's claims that it has begun to remove troops from Ukraine's borders, saying it has instead added as many as 7,000 military personnel to the area on top of the 100,000 already in place. The U.S. rejected Russia's claims of a troop pullback from Ukraine's border. While Moscow has repeatedly denied that it plans to attack its smaller neighbour, the crisis has weighed on the outlook for industrial metals. Meanwhile, immediate supply concerns are easing, with inventories in warehouses on the London Metal Exchange rising on Wednesday from the lowest level in 2005. That alleviated a tightness described by Australia & New Zealand Banking Group Ltd. as "alarming," and followed a seasonal recovery of holdings on the Shanghai Futures Exchange (Bloomberg). The futures traded lower on the Asian open resulting in price trading to a low of USD 9,820, however we are seeing a minor recovery. Intraday price and momentum remain aligned to the sell side, A close on the 4-hour candle above USD 9,988 with the RSI at or above 54 (currently 51) will mean price and momentum are aligned to the buy side. Upside moves above USD 10,072 will target the USD 10,123 resistance, above this level the futures will target the USD 10,289 high. **The futures remain neutral/bullish with longer period moving average is now flat, indicating a lack of trend in the market.**

Aluminium

Aluminium climbed toward a 13-year high reached earlier this month as traders assessed the risk of geopolitical tension in Ukraine and the persistent pressure of soaring energy costs on global supplies. High-level diplomacy continues in a bid to defuse the situation around Ukraine after western officials voiced reservations about Russian announcements that some of its forces are being drawn down. The Kremlin has consistently denied it plans an attack (Bloomberg). The futures did trade above the USD 3,256 resistance yesterday; however, we have seen a small sell off on the Asian open, resulting in intraday price and momentum now conflicting. A close on the 4-hour candle above USD 3,233 will mean price and momentum are aligned to the buy side; Likewise, a close below this level with the RSI at or below 53 (currently 55) will mean it is aligned to the sell side. Intraday Elliott wave analysis still suggests there is a potential for another move see the upside, however price at this point remains in consolidation. Resistance is at USD 3,233, USD 3,256, USD 3,284 with support at USD 3,186, USD 3,170, and USD 3,144. **Technically bullish but in consolidation.**

Zinc

The upside move yesterday failed to trade above the USD 3,629 resistance, leaving the technical vulnerable to a test to the downside, which has been the case. The futures traded lower in the US session and have since moved lower in Asian hours, intraday price and momentum are currently conflicting. A close on the 4-hour candle below USD 3,594 with the RSI at or below 43 (currently 43.9) will mean P&M are aligned to the sell side. Likewise, a close above this level with the RSI at or above 47.5 will mean it is aligned to the buy side. Upside moves above USD 3,629 will mean the technical has a neutral bias with price targeting the USD 3,661 high, below USD 3,568.5 price will target the USD 3,554 and USD 3,535 support levels. The RSI is below 50 but a new low has the potential to create a positive divergence with the RSI, this is not a buy signal, but it does warn we could see a momentum slow down. **Technically bearish, the divergence will need to be monitored.**

Nickel

LME nickel inventory has declined since January and SMM believes that the destocking will continue. Nickel sulphate prices rebounded as the supply tightened after loss-making producers lowered their output in the past two months. The profits of nickel sulphate producers improved amid rising prices. Given the severe shortages of raw materials, SMM believes that any further improvement of nickel sulphate profit will be limited because nickel salt plants will resume their production after the profits recover to a certain level, which will intensify raw material shortfalls and boost raw material prices. The futures are telling a slightly different story as price is neutral/bearish, however if you look at price action since the 10/02 there has been random price movement. Saying that, the futures traded up to but failed to hold above the USD 23,481 resistance on the 15/02 with price failing to trade above the USD 23,618 resistance yesterday, meaning we potentially have a bearish Gartley pattern play. Corrective moves lower that hold out or above USD 23,045 will support a bull argument, below this level the futures will target the USD 22,760 support. intraday price and momentum are conflicting, a close on the 4-hour candle below USD 23,432 with the RSI at or below 50.5 (currently 53.5) will mean P&M are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. **Bearish/neutral, the Gartley Patton will need to be monitored.**

Lead

The futures remain in the bullish trending environment with price trading to a high of USD 2,350 before entering a corrective phase on the Asian open. Intraday price and momentum are conflicting as the futures are below the daily pivot point (USD 2,332), a close above this level will mean P&M are aligned to the buy side. Likewise, a close below this level with the RSI at or below 59 (currently 61) will mean it is aligned to the sell side. Downside moves that hold above USD 2,279 will support a bull argument, below this level the futures will have a neutral bias. Resistance is at USD 2,332, USD 2,381, USD 2,391 with support at USD 2,308, USD 2,296, and USD 2,279. **Technically bullish the futures look like they could be in the early stages of a corrective phase.**