FIS

Base Morning Intraday Note

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Copper

London copper prices edged higher on Monday, supported by a weaker dollar, while prospects of a de-escalation in Russia-Ukraine tensions bolstered appetite for risky assets. U.S. President Joe Biden and Russian President Vladimir Putin have agreed in principle to a summit over Ukraine, U.S. and French leaders said. One condition for the summit was that Putin did not invade Ukraine. Asian share markets pared sharp early losses and Wall St futures rallied following the news. Three-month copper on the London Metal Exchange (LME) was up 0.3% at $9,985.5 a ton as of 0255 GMT, while the most-traded March copper contract on the Shanghai Futures Exchange was steady at 71,540 yuan ($11,312.64) a ton (Reuters). Very limited price movement due to market uncertainties, the futures did trade higher on the open but failed to hold above the daily pivot point at USD 9,974, intraday price and momentum remain aligned to the sell side. Upside moves on the 4-hour candle that close above this level with the RSI at or above 54 (currently 51) will mean P&M are aligned to the buyside. The technical remains bullish neutral with resistance at USD 9,988, USD 10,045, USD 10,123 with support at USD 9,921, USD 9,820, and USD 9,780. **Technically neutral, bullish above USD 10,072.**

Ali

Baise, a major aluminum hub in South China's Guangxi, lifted the lockdown on Guangxi Baikuang Aluminum Co and the control over Baise Xinshan Aluminum Industrial Demonstration Park from 1.00 am Sunday, ending the two-week shutdown. The city accounts for 5.6 percent of China's total production of electrolytic aluminum (Global times). The futures sold off a little on the Asian open with intraday P&M conflicting, price continues to consolidate with the futures above the longer-period averages (30-60). Upside moves on the 4-hour candle that close on the 4-hour above USD 3,260 with the RSI at or above 60 (currently 57) will mean P&M are aligned to the buyside. Likewise, a close below this level with the RSI at or below 55.5 will mean it is aligned to the sell side. Resistance is at USD 3,284, USD 3,333, USD 3,345 with support at USD 3,224, 3,170, and USD 3,108. **Technically neutral/bearish, near-term price action is bullish, below USD 3,224 price will have broken fractal support, leaving the technical vulnerable to further tests to the downside.**

Zinc

Total zinc inventories across seven Chinese markets stood at 268,900 mt as of February 21, up 5,800 mt from Friday February 18, and 14,600 mt from Monday February 14. The inventory in Shanghai rose more slowly after the downstream resumed the production that created more purchase demand. Guangdong saw added stocks amid high arrivals and gradually rising shipments from the warehouses. In Tianjin, the arrivals were still high, while the downstream was slow in resuming the production, hence the inventory kept rising. To sum up, the inventory in Shanghai, Guangdong and Tianjin rose 7,400 mt over weekend, while those across the seven major markets in China added 5,800 mt (SMM). Previously bullish on the intraday the futures came under pressure on Friday to create a lower low in the market, intraday price and momentum are aligned to the sell side. A downside move on the Asian open has found some buying support, upside moves on the 4-hour candle that close above USD 3,598 with the RSI at or above 50 (currently 48) will mean P&M are aligned to the buyside. However, corrective moves higher that fail at or below USD 3,616 will leave the technical vulnerable to further tests to the downside, above this level price will have a neutral bias and target the USD 3,628- USD 3,694 resistance zone. Support is at USD 3,525, USD 3,508, and USD 3,491. **Technically bearish, the new low has created a positive divergence with the RSI meaning the futures are not considered a technical sell at this point.**

Nickel

Nickel jumped to its highest price since 2011, extending a rally driven by dwindling global inventories and concerns that Ukraine tensions could disrupt supplies from key producer Russia. The metal, used in stainless steel and rechargeable batteries, is the top performer on the London Metal Exchange this year. It's risen amid a wave of forecasts that supply will fall short of rapidly growing demand from the electric-vehicle sector. The standoff between Moscow and the West over the Ukraine has also shaken the nickel market, amid fears that a conflict could hit commodity flows. Still, Russia has repeatedly denied plans for an invasion, and there's fresh hope for a peaceful solution after Presidents Joe Biden and Vladimir Putin accepted in principle a summit proposal to discuss security and stability in Europe (Bloomberg). The futures remain technically bullish and in trend with volatility on the opening candle creating a USD 645 range. Intraday price and momentum remain aligned to the buyside, a close on the 4-hour candle below USD 24,083 with the RSI at or below 58.5 (currently 67) will mean it is aligned to the sell side. However, corrective moves lower that hold at or above USD 23,693 will support a bull argument, below this level the futures will have a neutral bias, only below USD 23,265 is the intraday technical bearish. Resistance is at USD 24,691, USD 24,873, USD 25,055 with support at USD 24,083, USD 23,900, and USD 23,693. **Technically bullish, intraday corrective moves should be considered as countertrend at this point.**

Lead

There are few macro data to be released this week. The February PMIs for manufacturing and service industries in Europe and US will be released, which are expected to be positive. The market will also focus on the geopolitical issues between Russia and Ukraine, which is likely to intensify the risk aversion sentiments in the market. The LME lead stocks dropped by 4,775 mt last week driven by the overseas consumption, and the prices basically reversed the losses during the CNY and rallied to around $2,300/mt. The LME lead cash to 3-month Backwardation stood at $14.25/mt after the price surge last week. The LME prices may remain volatile at a high level, but the market needs to beware of the macro contingency. Three-month LME lead is expected to trade between $2,290-2,375 this week (SMM). As noted on Friday the futures were technically bullish, but the divergence needed to be monitored, the futures have produced a technical pullback resulting in intraday price and momentum becoming aligned to the sell side. The futures have broken a fractal support that formed on the 17/02, meaning the intraday technical is now bearish. A close on the 4-hour candle above USD 2,343 with the RSI at or above 64 (currently 55) will mean it is aligned to the buyside, further resistance is at USD 2,355 and USD 2,380. Support is at USD 2,312, USD 2,299, and USD 2,281. **Technically bearish, the break in fractal support is leaving support levels vulnerable.**