



Base Morning Intraday Note

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Copper

A muted open in the futures having sold lower yesterday, price has opened weaker in the Asian session, but the downside move is limited. Price and momentum are aligned to the sell side, upside moves that close on the 4-hour candle above USD 9,914 with the RSI at or above 52.5 (currently 46) will mean that it is aligned to the buy side. The technical is neutral/bullish but in a consolidation phase as the market is currently risk off, as it awaits further developments in the East and the sanctions that will be imposed in the coming days. Resistance is at USD 9,914, USD 9,988, USD 10,045 with support at USD 9,820, USD 9,780, and USD 9,720. Neutral/bullish but looking like it will be risk off.

Alu

Due to the tense Ukrainian-Russian geopolitics, aluminium futures in both domestic and overseas markets rose sharply in early trading today. LME aluminium reached a new high of \$3,342/mt in more than 13 years. SHFE aluminium's increased lots exceeded 20,000 lots, and the most-traded contract once again stood at 23,000 yuan/mt. The aluminium prices also rose today. On February 22, the SMMA00 aluminium prices were 22,930 yuan/mt, up by 330 yuan/mt compared with yesterday. Russia aluminium may have an impact on the overseas supply for Europe and the US can impose sanctions on Russia due to the escalation of the Russia-Ukraine conflict. At the same time, overseas crude oil and natural gas prices will rise with the trend, which plays a certain role in promoting overseas primary aluminium costs (SMM). The new high means the trend is confirmed as technically bullish, supported by the RSI above 50, intraday price and momentum are aligned to the buy side. The new high has created a negative divergence with the RSI, this is not a sell signal, it is a warning that we have the potential to see a momentum slowdown. Note, divergences can and do fail at times, outside events and sanctions could potentially result in further upside moves. A close on the 4-hour candle below USD 3,274 with the RSI at or below 57 (currently 63.5) will mean P&M are aligned to the sell side. Resistance is at USD 3,345, USD 3,448, USD 3,581 with support at USD 3,274, USD 3,239.5, and USD 3,224. Technically bullish, the divergence will need to be monitored.

Zinc

Yesterday we highlighted that the new low had created a positive divergence in the futures, warning of the potential for a momentum slowdown. Price is now moving higher, meaning intraday price and momentum are conflicting, a close on the 4-hour candle above USD 3,566 with the RSI at or above 49 (currently 45) will mean P&M are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 3,615 will leave the technical vulnerable to further tests to the downside, above USD 3,649.5 the intraday technical is bullish. Resistance is at USD 3,587, USD 3,599, USD 3,615 with support at USD 3,566, USD 3,549, and USD 3,502. Technically bearish, the futures are not considered a technical sell at this point due to the divergence that is now in play.

Nickel

Nickel rallied to its highest level in 11 years yesterday on the back of Ukraine tensions and battery demand. Having sold lower on the Asian open price is again moving higher, intraday P&M are aligned to the buy side. The technical remains bullish and in trend, the new high has created a negative divergence warning of the potential for a momentum slowdown. However, based on the trending environment, downside moves should be considered as countertrend at this point. A close on the 4-hour candle below USD 24,335 with the RSI at or below 62.5 (currently 66.5) will mean P&M are aligned to the sell side; corrective moves lower that hold at or above USD 23,746 will support a bull argument, below this level the technical will have a neutral bias. Resistance is at USD 24,691, USD 24,873, USD 25,055 with support at USD 24,335, USD 24,148, and USD 23,977. Technically bullish, downside moves should be considered as countertrend at this point.

Lead

The futures entered bear territory yesterday having broken a fractal support on the intraday, but price is holding above the longer period EMA's (30-60). Downside moves below USD 2,316 will create a lower low but also a 3-wave corrective pattern that will need to be monitored, as this could be a warning of further bullish price action to come. A close on the 4-hour candle above USD 2,328.5 with the RSI at or above 61.5 (currently 54) will mean P&M are aligned to the buyside. Upside moves above USD 2,355 will break fractal resistance taking the technical into bull territory, however this will create another negative divergence with the RSI, meaning the futures would not be considered a technical buy on a new high. The intraday price is bearish based on the lower low but has the potential to create a bullish 3-wave corrective pattern. Resistance is at USD 2,328, USD 2,347, USD 2,355 with support at USD 2,312, 2,299, and USD 2,281. This technical probably needs to go lower to move higher.