



# Base Morning Intraday Note

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## Copper

Money managers have decreased their bullish Comex copper bets by 3,457 net-long positions to 33,411, weekly CFTC data on futures and options show. Long-only positions fell 1,917 lots to 65,706 in the week ending Feb. 22 Short-only positions rose 1,540 lots to 32,295 (Bloomberg). I think we highlighted this last week, with the futures in a range whilst the rest of the base sector is producing volatile moves it looks like HF managers are just exiting the market to look for better opportunities. The daily pivot point levels remain flat, as do the moving averages whilst the RSI is at 50, all neutral signals. Intraday Bollinger bands remain tight warning of the potential for a breakout (in either direction). Neutral bullish, resistance is at USD 9,988, 10,076.50, USD 10,123 with support at USD 9,778, USD 9,720, and USD 9,680.

## Alu

founder and Russian billionaire Oleg Deripaska asked for peace talks to commence "as soon as possible" amid Russia's ongoing invasion of Ukraine, Reuters reported Sunday, citing a Telegram post. Deripaska added that "peace is very important." He was sanctioned by the US government due to his ties to President Vladimir Putin over the alleged Russian interference in the American election in 2016 (Bloomberg). With no end to the conflict in sight the aluminium futures remain bullish with price trading to a new high on the open. We do have a negative divergence between price and the RSI which will need to be monitored; however, as previously highlighted these upside moves are driven by supply issues during a time of conflict, the probability of the divergence failing will be greater than under normal market conditions. A close on the 4-hour candle below USD 3,360 with the RSI at or below 59 (currently 66.5) will mean price and momentum are aligned to the sell side. Longer-term EMA's remain spaced and are starting to widen suggesting the intraday trend remains stable. Technically bullish resistance is at USD 3,576, USD 3,617, USD 3,661 with support at USD 3,432, USD 3,406, and USD 3,372.

## Zinc

Commodities from wheat and gold to aluminium rallied in a jittery start to the week, as traders grappled with a fraught geopolitical environment and an array of supply risks triggered by war in Ukraine. Wheat rose near its highest level in more than 13 years on Monday, while aluminium hit a fresh record and nickel surged. Bullion -- a haven in times of international tensions -- climbed more than 2% (Bloomberg). Outside of copper the market uncertainty and the exit from swift has pushed a broad range of commodities higher, Zinc as a vulnerable commodity is one of them. The intraday technical has made a higher high supported by the RSI above 50, intraday price and momentum are aligned to the buy side. A close on the 4-hour candle below USD 3,621 with the RSI at or below 51 (currently 59) will mean P&M are aligned to the sell side. However, corrective moves lower that hold at or above USD 3,626 will support a bull argument, below this level the futures will have a neutral bias, only below USD 3,600 will it be bearish. Short term EMA's have widened indicating the trend is strengthening, but the longer period EMA's (30-60) remain compressed but are turning higher. The trend is improving based on price but is not yet considered stable on the intraday. Technically bullish, resistance is at USD 3,678, USD 3,699, and USD 3,726 with support at USD 3,647, USD 3,638, and USD 3,626.

## Nickel

Technically bullish last week with price testing key support. Further sanctions over the weekend, we have seen buying support on the Asian open. Price held above the USD 23,812 support with P&M now conflicting; however, the intraday technical is bearish due to the lower low last week with the futures remaining vulnerable below USD 25,170, above this level price has a neutral bias whilst above 25,705 it is bullish. Intraday Elliott wave analysis would suggest there is another bull wave to come within this phase, above USD 25,170 the probability of price being in the early stages of a wave-5 will increase, a close on the 4-hour candle below USD 24,261 will mean P&M are aligned to the sell side. Likewise, a close above this level with the RSI at or above 59.5 (currently 56) will mean P&M are aligned to the buy side. Technically bearish with price above the daily pivot point, resistance is at USD 24,859, USD 25,170, USD 25,416 with support at USD 24,261, USD 23,812, USD 23,422.

## Lead

The impact of the intensifying Russia-Ukraine tension on non-ferrous metals prices is worth attention this week. The value-added tax (VAT) will be imposed on lead-acid battery scrap from March 1, which may affect the lead industry chain. LME lead stocks continued to drop, but the contango of LME cash to 3-month lead contract shrank rapidly and even turned to backwardation after LME lead prices soared. LME lead prices may rise more slowly this week, and the macro events are likely to keep impacting the prices. LME lead is expected to trade between \$2,300-2,380/mt this week (SMM). Momentum had warned on Friday that the futures were vulnerable to a test to the upside providing the RSI held above 50, this has been the case. Price has moved up with the futures looking to test the USD 2,382 high, above this level price will create a negative divergence with the RSI, not a sell signal it does warn of the potential for a momentum slowdown. A close on the 4-hour candle below USD 2,363 with the RSI at or below 55 will mean P&M are aligned to the sell side whilst below USD 2,326 the intraday technical is bearish. Resistance is at USD 2,382, USD 2,391, USD 2,411 with support at USD 2,363, USD 2,326, and USD 2,305.