Base Morning Intraday Note

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Copper

Chile, the biggest copper-producing country, just recorded its lowest January output since 2011, in the latest bullish sign for global metal markets. Production tumbled 15% last month from December and 7.5% from January 2021, the bureau of statistics reported Monday, without giving a clear reason for the drop. To be sure, Chilean output is typically lower in the new year, and can ebb and flow depending on whether mines are encountering sections of higher or lower quality ore. But there may be more to January's modest haul of 429,923 metric tons. Some mines may be catching up on earthworks and maintenance that was postponed during the pandemic. For example, a maintenance program at Chuquicamata smelter will restrict output of refined metal later this year, owner Codelco said on Friday (Bloomberg). The futures are unchanged. Resistance is at USD 9,988, USD 10,076.50, USD 10,123 with support at USD 9,778, USD 9,720, and USD 9,680.

Ali

Stoppage at Rusal's Nikolaev alumina refinery in Ukraine underlines risks for the company's aluminum smelters in Russia, according to Goldman Sachs Group Inc. Halt could result in eventual suspension of up to 900,000 tons of co.'s aluminum capacity, analysts write in emailed note dated Feb. 28. Nikolaev unit historically sends alumina to 3 Russian smelters: note: Rusal said in Wednesday statement that refinery output will be "severely curtailed in the short term", but there will be no immediate wider impact on the group's aluminum production (Bloomberg). The futures have seen an intraday pullback on the back of the negative divergence yesterday with intraday price and momentum aligned to the sell side, the intraday technical has a neutral bias. A close on the 4-hour candle above USD 3,427 with the RSI at or above 59.5 (currently 54) will mean price and momentum are aligned to the buyside. Longer-period EMA's (30-60) remain well spaced suggesting the intraday trend remains stable at this point, supported by the RSI and its moving average which are both about 50. Upside moves that fail at or below USD 3,466 will leave the technical vulnerable to further tests to the downside, above this level the futures will test the USD 3,525 high. Support is at USD 3,297, USD 3,252, and USD 3,224. Technically bullish, the averages suggest the trend looks stable, but the divergence will need to be monitored.

Zinc

The futures remain technically bullish with price trading to a high of USD 3,717 before producing a sharp pullback in the early U.S. session. The downside move held above key support with intraday price and momentum aligned to the buyside, a close on the 4-hour candle below USD 3,664 with the RSI at or below 53 (currently 59.50) will mean P&M are aligned to the sell side. However, corrective moves lower that hold at or above USD 3,639 will support a bull argument, below this level the intraday technical will have a neutral bias, only below USD 3,600 will it be bearish. The RSI is making a new high suggesting market pullback should be considered as countertrend; upside moves above USD 3,717 will target the USD 3,726 and USD 3,744.5 resistance levels. Support is at USD 3,664, USD 3,639, and USD 3,600.

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Nickel

Russia's industrial-metal exports are sinking as the country's invasion of Ukraine prompts commodity buyers and financiers to pull back from its powerhouse producers, according to executives and analysts tracking trade flows. The nation's top steelmakers have seen exports drop since the incursion began, while nickel shipments have also been affected, people with knowledge of the matter said. While the response to Russia's actions differs from country to country, Germany has halted almost all steel purchases, one of the people said, asking not to be named given the commercially sensitive nature of the transactions. With Russia among the top five global producers of steel, nickel, and aluminum, reduced metal shipments threaten to further tighten a market that's already short on supply. While metals haven't been directly targeted by sanctions, prices are surging on concern that the latest measures could snarl payments to suppliers and spur banks to rein in financing for purchases of Russian goods (Bloomberg). The upside move on the open failed to trade above the USD 25,170 resistance leaving the technical in bearish territory, intraday price and momentum are conflicting with price consolidating on the longer-period EMA's (30-60). A close on the 4-hour candle above USD 24,423 with the RSI at or above 54.5 (currently 52) will mean P&M are aligned to the buyside. Likewise, a close below this level with the RSI at or below 50 will mean that is aligned to the sell side. Although technically bearish based on the lower low, intraday Elliott wave analysis would suggest that we still have the potential for another test to the upside, we highlight USD 23,812 as a key level; downside moves that hold above it will support a bull argument, below this level the Elliott wave will have a neutral bias. Resistance is at USD 24,859, USD 25,170, USD 25,416 with support at USD 23,812, USD 23,422, and USD 22,760.

Lead

The futures traded to a new high yesterday creating a minor negative divergence with the RSI, not a sell signal it does warn that we have the potential to see a momentum slowdown. Intraday price and momentum are conflicting as the opening candle in the Asian session closed below the daily pivot point (USD 2,388.50). A close above this level will mean P&M are aligned to the buyside; likewise, a close below this level with the RSI at or below 56 (currently 63) will mean it is aligned to the sell side. Corrective moves lower that hold at or above USD 2,352 will support a bull argument, below this level the technical will have a neutral bias, only below USD 2,329 is the technical bearish. Resistance is at USD 2,411, USD 2,440, and USD 2,477. Technically bullish with price looking to test the high again, the divergence is minor but will still need to be monitored.