

Copper

Copper sank along with most industrial metals after minutes from the latest Federal Reserve meeting signalled those officials were focused on curbing inflation. The Fed proposed reducing its bond holdings at a maximum pace of \$95 billion a month, further tightening credit across the economy as the central bank raises interest rates. Investors fear the more restrictive policy could tip the world's largest economy into a downturn. Surging covid cases and lockdowns in China are also pressuring metals and causing logistical problems for everything from the shipment of raw materials to smelters to the delivery of final products, according to Bloomberg Intelligence. A bearish rejection candle followed by a lower close on the daily chart yesterday has resulted in price coming under pressure in the Asian session. Intraday price is below the EMA support band with futures now targeting the USD 10,234 fractal support, below this level the technical is bearish, further support is at USD 10,166 and USD 10,047. A close on the 4-hour candle above USD 10,337 with the RSI at or above 55.5 (currently 44.5) will mean price and momentum are aligned to the buy side; however, corrective moves higher that fail at or below USD 10,147 remain vulnerable to further tests to the downside, above this level the futures will target the USD 10,580 fractal resistance. Technically the trend is bullish, but the daily EMA support band is looking like it could be tested in the near-term (Support band is between USD 10,223 -USD 10,078), if the band fails to hold then the futures could look to test the USD 9,820 fractal support.

Al

Major groups representing the aluminium industry in the U.S., Europe, Canada and Japan support sanctions against Russia for its invasion of Ukraine but aren't calling for restrictions on the lightweight metal. "Our organizations will work with our respective governments to provide relevant industry data and a clear-eyed assessment of what sanctions and similar measures might mean for aluminium producers, users and end consumers," says a joint statement by the heads of the Aluminium Association, European Aluminium, Aluminium Association of Canada, and the Japan Aluminium Association (Bloomberg). The intraday futures are now in a consolidation phase with the daily pivot supports starting to cluster, meaning they are not giving a directional bias. This is because the daily chart is now testing the EMA support band (30-60), the bands are well spaced suggesting the daily trend remains stable at this point. The daily futures continue to hold above the USD 3,397 support, below this level the technical will have a neutral bias, further support is at USD 3,331 and USD 3,219.5. The intraday technical is bearish but with a neutral bias due to the price consolidation, upside moves that fail at or below USD 3,538 will leave the futures vulnerable to further tests to the downside, above this level we target get the USD 3,564 level, only above USD 3,660 is the intraday technical bullish, as this is the high of the last dominant bear wave. Bearish neutral on the intraday, bullish on the daily providing we hold above USD 3,397 and neutral below.

Zinc

Zinc extended its retreat from the highest close in more than 15 years as outbreaks of Covid-19 in China hit the demand outlook, outweighing risks of supply cuts at European smelters facing record electricity costs. Shanghai, the epicentre of the latest domestic coronavirus flareups, reported a record high of nearly 20,000 cases for Wednesday, with neighbouring provinces reportedly planning massive quarantine rooms for the city's residents. China's cabinet on Wednesday signalled it will step up monetary stimulus for the economy, as Covid-19 restrictions curtail spending and business activity, threatening the central government's ambitious growth target of about 5.5% for this year. Zinc surged earlier this week and closed at its highest level since 2006 on Monday, as the depletion of exchange inventories for the metal used in galvanizing added to mounting evidence of strained supply. The tightening in the market, exacerbated by a surge in European power prices, has been sounding alarms for traders who have fresh memories of the unprecedented short squeeze in nickel last month (Bloomberg). The futures are now starting to consolidate on the intraday EMA support band with the RSI still above 50. Intraday price and momentum are aligned to the sell side, a close on the 4-hour candle above USD 4,279 with the RSI at or above 59 (currently 53) will mean it is aligned to the buy side. Downside moves that hold at or above USD 4,157 will support a bull argument, below this level the technical will have a neutral bias. Upside moves above USD 4,320 will put the intraday technical back in bullish territory, further resistance is at USD 4,360 and USD 4,435 with support at USD 4,224, USD 4,157, and USD 4,103. Technically bullish and on support with supply issues countered by rising Covid cases in China, whilst the technical will need to decide if the divergence based on the line chart considered as valid!

Nickel

Nickel prices on the London Metal Exchange could consolidate in the \$30,000-\$40,000 a ton range in 2Q as Western sanctions on Russia support prices, Fitch Solutions says. Prices should drop to under \$30,000 a ton by year's end amid weaker consumption growth in the medium term, it adds. Fitch raises its 2022 average nickel-price forecast to \$27,500 a ton from \$17,000 a ton. That compares with \$18,466 in 2021, Fitch says. "Ultimately, Western sanctions on Russia mean that the supply outlook for nickel over the coming years has deteriorated," it says. Three-month LME nickel was last at \$33,430 a ton (Bloomberg). The futures continue to remain rangebound on decreasing volume.

Lead

LME cancelled warrant remain unchanged at 4,300 tons whist price is also unchanged having entered a consolidation phase on the 4-hour technical. The intraday futures are bullish but in a corrective phase with price on the EMA support band, intraday price and momentum are aligned to the sell side. A close on the 4-hour candle above USD 2,409 with the RSI at or above 56 (currently 52) will mean it is aligned to the buyside. Downside moves that hold at or above USD 2,331 will support a bull argument, below this level the futures will have a neutral bias. Upside moves above USD 2,438 with will target the USD 2,435.5 fractal resistance. Support is at USD 2,372, USD 2,355, and USD 2,331. Technically bullish, the intraday EMA support band is starting to flatten indicating the trend is not stable/established at this point.