

Metals

Aluminum and nickel surged on the London Metal Exchange as traders responded to new US and UK sanctions that banned deliveries of any Russian supplies produced after midnight on Friday.

The new restrictions, aimed at curbing President Vladimir Putin's ability to fund his military, inject major uncertainties into metals markets that have already been reshaped in the aftermath of Russia's invasion of Ukraine.

Aluminum jumped as much as 9.4%, the most since the current form of the contract was launched in 1987, while nickel rose as much as 8.8%. That suggests traders believe that removing one of the largest producers from the market will drive prices higher.

The rally is being fueled by "worries that the sanctions will reduce Russian flows to Western markets," said Jia Zheng, head of trading and research at Shanghai Dongwu Jiuying Investment Management Co. "Any stimulation will be amplified amid an existing bullish backdrop."

Still, there are also concerns over the prospect of a flood of old Russian metal — which is still permitted — getting dumped onto the LME.

Many of the LME's dealers and brokers have spent the weekend at work gaming out the market implications of the sanctions. The timing of the news, just ahead of the global copper industry's annual CESCO Week gathering in Chile, has also made for lively conversations in business class cabins and passport queues as the industry descends on Santiago. In London, the home of the LME, many traders were glued to their screens late on Sunday night. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	9,449	R1	9,456	RSI above 50		
S2	9,420	R2				9,684
S3	9,350	R3				9,814

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (57)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,449
- Unchanged on the technical on Thursday, we remained bullish but in divergence whilst the RSI was below its MA. We had a potential upside target of USD 9,582 based on lower timeframe Elliott wave analysis; however, we were cautious on upside moves due to the divergence. With price and momentum conflicting, the futures were not considered a technical buy at these levels. The futures moved higher on rising tensions on Friday with price spiking but failing to hold the upside move on the open posts Iran's attack. We remain above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,449 with the RSI at or above 61 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 9,350 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in divergence with the RSI below its MA, implying caution on upside moves at this point. The futures have moved lower since the opening spike, a close on the daily chart below the weekly pivot level below (USD 9,404) will warn that the USD 9,350 support could be tested and broken. If it is then the probability of the futures trading to a new high will start to decrease.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,516	R1	2,619	RSI above 50	
S2	2,481	R2			
S3	2,451	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (74)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,481
- Like copper, we were unchanged on the technical on Thursday. We were bullish with price still in divergence, the RSI was below its MA, implying caution on upside moves. Our Elliott wave analysis suggested that downside moves look like they could be countertrend, making USD 2,350 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. The futures have continued to move higher after the US and UK announced new restrictions on trading Russian Al, Cu and Ni, alongside the Iranian attack on Israel over the weekend. We are above all key moving averages 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 2,481 with the RSI at or below 60.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,363 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI is now testing resistance. The technical is a little disjointed due to the outside influences over the last couple of days. Meaning we are seeing Elliott wave extensions to the upside, suggesting downside moves should be considered as countertrend at this point.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,813	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,810
- Unchanged on the technical last Thursday, we noted that we were yet to see an extension on the existing Elliott wave cycle in play, meaning we were cautious on upside moves due to the divergence on the lower timeframe; above USD 2,795 it would create a divergence on the 4-hour chart. Downside moves that held at or above USD 2,644 would warn that there was potentially a larger bullish Elliott wave cycle in play. The upside move in the futures means we are now seeing the Elliott wave extension that we highlighted as a possibility previously. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,810 with the RSI at or above 69.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,679 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we have now seen an Elliott wave extension within the existing cycle, implying downside moves now look like they could be countertrend, making USD 2,679 the key support to follow. A move below this level will imply that the probability of the futures trading to a new high will start to decrease. As noted last week, the new high means that the futures are in divergence with the RSI, not a sell signal, it is a warning that we could see a momentum slowdown and enter a countertrend corrective phase.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,480	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is oversold
- Price is above the daily pivot point USD 17,825
- Technically bullish last week, the futures had traded above the USD 18,590 level on the back of the bullish RSI on both lower and higher timeframes, meaning that the bearish Elliott wave cycle had failed. This suggested that downside moves should in theory be countertrend, making USD 17,339 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. The futures entered a corrective phase but held above the USD 17,339 support, resulting in price trading to new highs. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 17,825 with the RSI at or below 53 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 18,167 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, momentum is now conflicting, as the RSI is above 50 whilst the stochastic is oversold, warning we could move higher. However, the new high means that the technical is now in divergence with the RSI, implying caution on upside moves at this point. Although the RSI is above its MA, the average is pointing lower, implying momentum remains weak. For this reason, we are now cautious on upside moves at these levels.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,158	R1	2,174.5	RSI above 50	
S2	2,152	R2			
S3	2,146	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,152
- Technically bullish last week, the futures remained in divergence with the RSI, not a sell signal it warned that we could see a momentum slowdown, suggesting caution on upside moves at these levels. Near-term support was at USD 2,127; however, corrective moves lower that held above USD 2,062 would warn that there is potentially a larger, bull cycle in play. The futures sold to a low of USD 2,140 before trading back to new highs. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,152 with the RSI at or above 60.5 will mean price and momentum are aligned to the buy side; likewise, close below this level will mean it is aligned to the sell side. Downside moves that held at or above USD 2,129 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in divergence with the RSI, implying caution on upside moves at this point. Near-term support is at USD 2,129; however, corrective moves lower that hold above USD 2,064 will warn that there is potentially a larger, bull cycle in play.