

Cu

Copper's surge to \$10,000 a ton just days after the bombshell news that BHP Group is trying to buy Anglo American Plc is highlighting a core disconnect at the heart of the industry: miners just aren't building enough mines.

The biggest producers all want to increase copper output to take advantage of rising demand in electric vehicles, grid infrastructure and data centers. BHP has made its \$39 billion proposal to buy Anglo American in large part because the world's biggest miner wants to grow in copper.

Yet, that bullishness still isn't translating into the huge investments involved in developing new pits and shafts and associated infrastructure. A successful takeover would make BHP the biggest copper producer with about 10% of the market, but it won't make any difference toward meeting the world's supply needs.

Production from existing mines is set to fall sharply in the coming years, and miners would need to spend more than \$150 billion between 2025 and 2032 in order to fulfill the industry's supply needs, according to CRU Group.

"Copper looks like the last remaining supply risk for the EV industry," said Bernard Dahdah, senior commodities analyst at Natixis SA. "In a net-zero scenario, we're going to need a vast amount of copper, and we're going to need a different strategy to boost supply."

The question of supply has been the driving force for copper's 16% rally this year. Unlike the last time that prices hit \$10,000, copper demand is relatively tepid for now and the physical market is well supplied.

Instead, the surge is being fueled by investors betting on looming shortages and the expectation that mining executives and their shareholders aren't ready to finance and build enough new projects — and would rather buy out their rivals instead. (Bloomberg)

# Copper Morning Technical (4-hour)



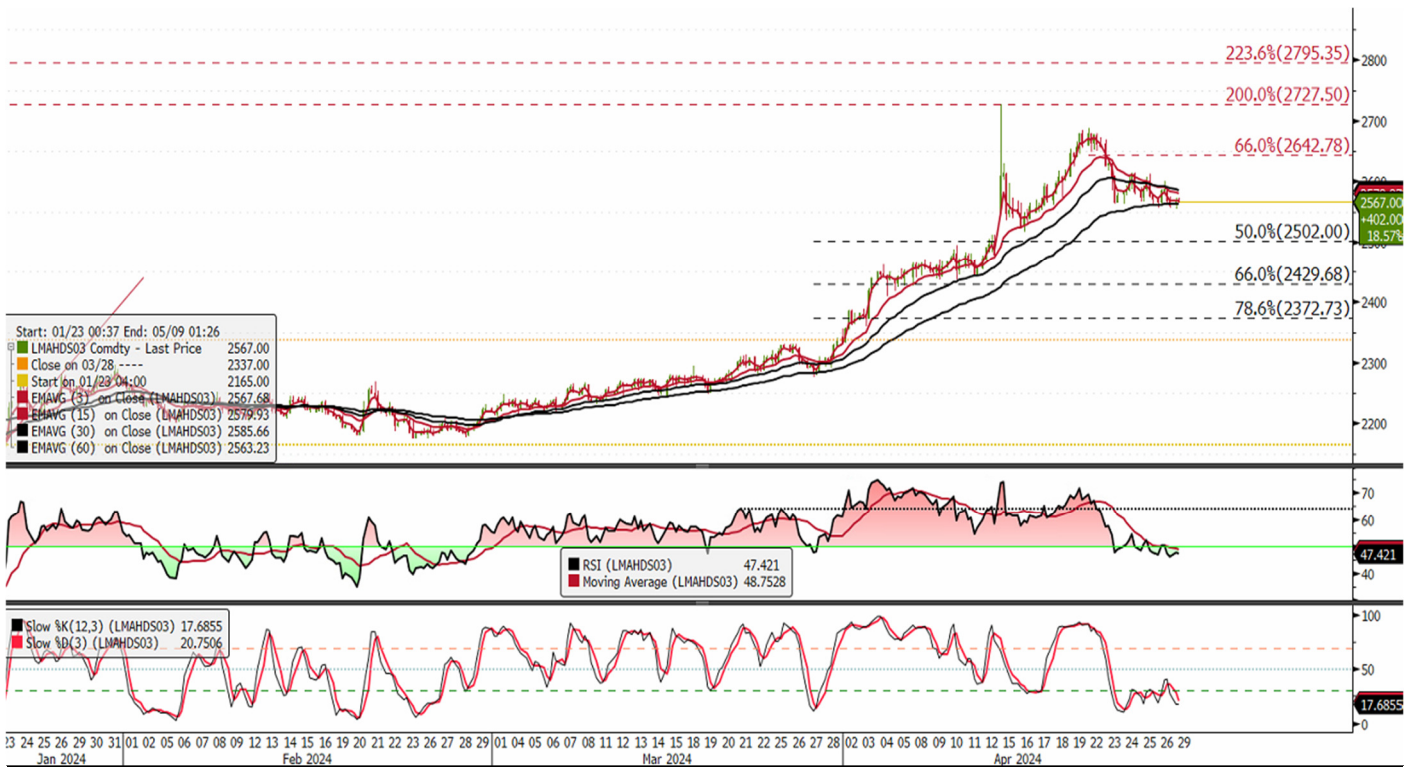
	Support	Resistance	Current Price	Bull	Bear
S1	9,961	R1	10,007	RSI above 50	Stochastic overbought
S2	9,878	R2			
S3	9,765	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (62)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,961
- Technically bullish on Friday, the MA on the RSI had turned higher, meaning momentum was supporting the upside move, suggesting the USD 9,988 fractal high could be tested and broken. If it was, it would confirm that we were in a bullish impulse Elliott wave 5, meaning we had the potential to trade as high as USD 10,365 within this phase of the cycle. However, the new high would also create a negative divergence with the RSI. Not a sell signal it warned that we had the potential to see a momentum slowdown, which would need to be monitored.
- The futures have traded to a high of USD 10,033, confirming we are on a bullish Elliott wave 5 for this phase of the cycle. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,961 with the RSI at or below 59 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,765 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, 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, which will need to be monitored. However, intraday Elliott wave analysis continues to suggest that we have the potential to trade as high as USD 10,365 for this phase of the cycle. In terms of the longer-term trend (Elliott wave cycle), we look to be nearing the completion of a higher timeframe wave 3 on the cycle that started on the 05/10/23.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,564	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,575
- We remained bullish but in a corrective Elliott wave 4 on Friday. The new low meant that the 1-hour futures were in divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. The MA on the RSI implied that momentum was still weak; however, the RSI was starting to flatten, indicating that we were seeing early signs that sell side momentum was slowing down. Key support was at USD 2,429, below this level the probability of the futures trading to a new high would start to decrease. We were now cautious on downside moves due to the divergence in play.
- The futures are now consolidating between the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,575 with the RSI at or above 51 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,429 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,642 will leave the futures vulnerable to further tests to the downside, above this level, the USD 2,688 fractal resistance could be tested.
- Unchanged on the technical today, the futures are moving sideways due to the 1-hour divergence with the RSI. The MA on the RSI does imply momentum is still weak; however, the average is starting to flatten, meaning we are seeing a slowdown in sell side momentum at this point. Due to the divergence, we remain cautious on downside moves at these levels. The futures are below the daily and weekly pivot levels at this point, if we close on the daily chart above USD 2,604 it will suggest that buyside pressure is increasing, warning the USD 2,642 resistance could be tested and broken.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,865	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 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,853
- Technically bullish last week, the MA on the RSI indicated that momentum was supported with price testing the USD 2,897 fractal resistance. If broken, we had a potential upside target at USD 3,008 for this phase of the cycle. However, a new high would create a negative divergence with the RSI, not a sell signal, it warned that we had the potential to see a momentum slowdown which would need to be monitored.
- The futures traded to a high of USD 9,505 before selling lower into the close. We are seeing bid support on the Asian open with price above the EMA support band. The RSI is above 50 with intraday price and momentum now conflicting.
- A close on the 4-hour candle below USD 2,843 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 58.5 will mean it is aligned to the buyside. Downside moves that hold at or above USD 2,807 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are now in divergence with price and momentum conflicting, implying caution on upside moves at this point. However, we are above the weekly pivot level (USD 2,835), meaning the futures continue to see buyside support (based on price) at this point. A close below this level on the daily chart will indicate that sell side pressure is increasing. We are cautious bull due to the divergence, our intraday Elliott wave analysis continues to suggest that we have the potential to trade as high as USD 3,008 within that phase of the cycle. Like copper, we look to be on wave 5 of a higher timeframe Elliott wave 3.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,205	R1	19,215	RSI above 50	Stochastic overbought
S2	18,843	R2			
S3	18,685	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 19,205
- Technically bullish previously, having found support on the 50% Fibonacci retracement yesterday the futures had seen a small move higher. The MA on the RSI was flat, implying sell side momentum was slowing; however, we remained below the USD 19,412 resistance. If broken, it would warn that the USD 19,775 fractal high could come under pressure. The bullish set-up highlighted on Thursday signaled underlying support in the market, with the futures continuing to close above the weekly pivot level (USD 18,843). We now need to see price above the USD 19,412 level, if rejected, it will warn that the corrective phase could become more complex.
- The futures have seen a small move higher, resulting in the USD 19,412 resistance being breached. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 19,205 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 18,336 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is flat implying momentum is neutral with price trading on the weekly pivot level (USD 19,195). A close on the daily candle above this level will warn that buyside pressure is increasing; likewise, a close below this level will indicate we are continuing to see sell side pressure in the market. The move above USD 19,412 does suggest that the probability of the futures trading below USD 18,710 level has started to decrease, warning that the USD 19,775 resistance could now come under pressure. We maintain our view based on our intraday Elliott wave analysis that downside moves look like they could be countertrend at this point.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,205	R1	2,215	RSI above 50	
S2	2,193	R2			
S3	2,176	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,219
- Technically bullish on Friday. We noted that it looked likely that the futures were going to make a new high, as the fractal resistance was in the process of being tested. The MA on the RSI implied that momentum remained supported; however, a new high would create a negative divergence with the RSI. Not a sell signal, it warned that momentum could slow, suggesting caution on upside breakouts. Our lower timeframe oscillators had not confirmed a wave extension, if we traded to a new high, one had to assume that it was. This would mean that we had the potential to trade as high as USD 2,259 within the next upward wave. We were bullish, but maintained a cautious view on upside moves.
- The futures traded to a high of USD 2,145 before selling lower into the close. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,219 with the RSI at or above 60 will mean price and momentum are aligned to the buy side.
- Technically bullish, the new high means that the futures are back in divergence with the RSI, not a sell signal it is a warning that we could see a momentum slowdown, which needs to be monitored. However, the futures have held above the weekly pivot level on the open (USD 2,198), implying we are seeing buy side support in the market. A close on the daily candle below this level will warn that sell side pressure is increasing. The new high implies that we have seen a wave extension, warning we have a potential upside target at USD 2,259 within this phase of the cycle. Due to the divergence in play, we remain cautious on upside moves at this point.

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