

Cu

Copper climbed above \$10,000 a ton as predictions for tighter global supplies and rising consumption in electric vehicles and power grids countered signs of demand destruction in top user China.

Prices of copper have risen 17% this year on fears of shortages, with aging mines forecast to struggle to keep pace with demand. Supply growth is stagnating, according to ANZ Group Holdings Ltd. analysts including Daniel Hynes. Prices needed to stay around \$12,000 a ton to achieve a 10% rate of return for a 300,000-ton mine, they said.

Still, Chinese fabricators are cutting back on purchases of refined metal in response to the recent rally. Copper wire plants in China were operating at 73% of capacity last month, down 14 percentage points from a year ago, according to a survey from Shanghai Metals Market published this week.

Base metals including copper risk a pullback as a recent push higher rests upon investors' fear of missing out on gains, rather than on any change seen yet in underlying market balances, Macquarie Group Ltd. said in a note this week (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,912	R1	9,999.5	RSI above 50	
S2	9,858	R2			
S3	9,673	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,912
- Technically bullish yesterday, the futures remained in a corrective phase but were yet to confirm that we are in a higher timeframe corrective Elliott wave 4. We had closed below the weekly pivot level previously (USD 9,953), implying sell side pressure was increasing; however, there had been no significant move lower. If we closed back above the weekly pivot, market sellers would need to be cautious. The RSI was below its MA which was starting to flatten, suggesting buyside momentum had softened; if we close below the daily pivot level on the 4-hour candle, then support levels would start to look vulnerable. We maintained our view that downside moves looked to be countertrend, with price still needing to move lower to confirm it was the corrective phase we are looking for.
- Due to the holidays in Europe the futures moved sideways for most of the session before finding light bid support going into the close. We are higher this morning with price above the EMA support band whilst the RSI is above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,912 with the RSI at or below 49 will mean price and momentum are aligned to the sell side. Downside moves that hold at or below USD 9,285 will support a longer-term bull argument, below this level the Elliott wave cycle will have a neutral bias.
- Technically bullish, the futures are moving higher having held the EMA support band. The RSI is above its MA, but the RSI is flat, implying momentum is neutral. We also have flat EMA bands indicating a lack of directional bias. We look to be forming a symmetrical triangle, this is a neutral pattern that needs price to close outside of and hold outside of the triangle for directional bias. Trend resistance is currently at USD 10,118 with support at USD 9,858. Our higher timeframe Elliott wave analysis has not confirmed that we have entered a higher timeframe corrective Elliott wave 4, if we break to the upside, and trade to a new high, it will mean we are seeing a wave extension within the existing trend. However, we continue to maintain a cautious view on upside moves, as price will be in divergence with the RSI above 10,208. Not a sell signal it is a warning we would see a momentum slowdown. Theoretically, (in a perfect technical world) we should break to the downside; hold above the USD 9,285 level, and then trade to new highs.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,579	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 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,557
- Unchanged on the technical yesterday, we remained bullish but in a corrective phase, the MA on the RSI was flat as was the EMA support band. This continued to suggest that the futures lack directional bias. We maintain our view based on Elliott wave analysis that downside moves look like they could be countertrend.
- Sideways action yesterday, the futures are now finding bid support with price trading back above the EMA support band. The RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,557 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,440 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,631 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,688 fractal resistance could be tested.
- Technically bullish with downside moves considered as countertrend, the futures are now testing trend resistance (USD 2,582), if we close above and hold above the resistance line, it will warn that the USD 2,631 level could be tested and broken. If it is, then the probability of the futures trading to a new low will start to decrease, warning the USD 2,688 fractal high could come under pressure. Rejection of the trend resistance, or the USD 2,631 level will imply that the corrective phase will become a more complex one, leaving the futures vulnerable to a move lower. The MA on the RSI is just starting to turn higher, indicating we are starting to see light momentum support.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,945	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at above (56)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,904
- Technically bullish yesterday, the MA on the RSI suggested that momentum was starting to weaken having moved lower previously on the negative divergence. As highlighted on Tuesday, a close on the daily candle below the weekly pivot level would warn that sell side pressure was increasing. We maintained our view that the futures were not considered a technical buy at these levels, due to the divergence, weakening momentum and Elliot wave analysis, as they suggest that support levels could come under pressure. A move below USD 2,831 would suggest that the probability of the futures trading to a new high has started to decrease.
- The futures have held the EMA support band with price moving above it this morning, the RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,904 with the RSI at or above 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,831 will support a bull argument, below this level the technical will have a neutral bias.
- The futures are moving higher; however, this has not changed our analysis on the technical. The RSI is now flat, implying momentum is neutral, but the futures had previously moved lower on a positive divergence, and will create further divergences above USD 2,975, implying caution on upside breakouts. Our intraday Elliott wave analysis also suggests caution on upside moves at these levels. Near term price action is bullish, meaning the USD 2,975 resistance is vulnerable, but the overall technical implies caution on moves higher.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	19,115	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 (53)
- Stochastic is oversold
- Price is above the daily pivot point USD 18,873
- Technically bullish yesterday, the MA on the RSI was flat, implying momentum was neutral. The close below the weekly pivot level warned that sell side pressure was increasing; however, we were not seeing a strong rejection of the pivot at that point. If we closed back above it, the technical would suggest that market sellers should be cautious. We maintained our view that intraday Elliott wave analysis continued to imply that downside moves should be considered as countertrend, making USD 18,336 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- We found bid support yesterday and continue to move higher this morning. 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 18,873 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 18,336 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we maintain our view that downside moves look to be countertrend at this point. Intraday price is trading back above the weekly pivot level (this is less relevant as we will have a new pivot on Monday) with the RSI above 50, its MA is still flat implying momentum is neutral. Upside moves above USD 19,505 will warn that the USD 19,775 fractal resistance is vulnerable; likewise, a move below USD 18,336 will warn that the probability of the futures trading to a new high has started to decrease.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,245	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 (60)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,224
- We remain technically bullish but in a corrective phase yesterday. However, due to the divergence in play, we maintained our view that the futures were not considered a technical buy at these levels. A close on the daily candle below the weekly pivot level (USD 2,207) would imply that sell side pressure was increasing, meaning the USD 2,199 support could be tested and broken. If it was, then the probability of the futures trading to a new high would start to decrease.
- The futures traded to a low of USD 2,204 but held above the weekly pivot level, resulting in the futures moving higher. 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 2,224 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,199 will warn support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, having held the EMA support band, the USD 2,254 fractal high is starting to look vulnerable. However, the MA on the RSI is flat, implying momentum is still neutral, whilst a new high will create further divergences with the RSI. For this reason, although near-term price action is bullish, we maintain our view that the futures are not considered a technical buy at these levels.

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