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Copper declined a day after reaching an all-time high, with investors cautioning its rally may have been running ahead of weak physical fundamentals.

The metal fell as much as 1.1% in Asian trading. That followed its surge of as much as 4.1% on Monday when it hit a record \$11,104.50 a ton, the latest high-water mark in a months-long rally driven by financial investors betting on deepening supply shortages.

Many participants in the physical trade have been warning that prices were running ahead of signals of underlying market conditions. Demand remains relatively tepid — especially in top buyer China, where inventory levels remain high and suppliers of copper wires and bars have been cutting output.

China's economic struggles remain in the spotlight, with fresh data showing there's little sign of a turnaround in its debt-plagued property industry. The ailing sector has been a major drag on consumption in the top metals-consuming country.

Tuesday's price retreat came after banks, miners and investment funds have been touting copper's bright long-term prospects. A flood of investment into the market over the past few weeks had piled pressure on bearish traders, who've taken a more cautious stance owing to weak spot demand, particularly in China.

The metal's rally went into overdrive last week as a short squeeze on the New York futures market triggered a global rush to secure the metal. The spread between front months has since eased.

While the Comex short squeeze may continue, there were risks of a rapid retreat in copper once funds exited or made delivery, Guangzhou Futures Co. said in a note. The broker cautioned investors against chasing the rally.

Copper traded 0.7% lower at \$10,810 a ton on the London Metal Exchange as of 11 a.m. Singapore time. Other base metals also retreated, with aluminum falling 0.7% and nickel tumbling 2.3%

Iron ore, which is also heavily reliant on China's property sector, rose 0.6% to \$119.20 a ton. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,613	R1	10,821	RSI above 50	Stochastic overbought
S2	10,426	R2			
S3	10,256	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (66)
- Stochastic is overbought
- Price is below the daily pivot point USD 10,928
- Technically bullish yesterday, the MA on the RSI indicated that momentum was supported with price above the daily and weekly pivot levels (weekly pivot USD 10,465). A close on the 4-hour candle below USD 10,723 (the low of the current high candle, this is also the last dominant bull candle) would warn that sell side pressure is increasing, meaning the Fibonacci support zone could be tested. Elliott wave analysis continued to suggest that downside moves should be considered as countertrend.
- The futures have entered a small corrective phase; however, we are yet to close below the USD 10,723 level on a 4-hour candle. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 10,928 with the RSI at or above 74 will mean price and momentum are aligned to the buy side. Downside moves that hold at or below USD 10,256 will support a near-term bull argument, below this level the technical will have a neutral bias (based on price). However, the longer-term Elliott wave support is at USD 9,567, the cycle is bullish above this level and neutral below.
- Technically bullish, the futures are seeing a technical pullback. As noted yesterday, a close on the 4-hour candle below the low of the last dominant bull candle (USD 10,723), will warn that sell side pressure is increasing, meaning the Fibonacci support zone could be tested. The MA on the RSI is now flat, implying buy side pressure is softening. We maintain our view based on Elliott wave analysis that downside moves look to be countertrend at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,585	R1	2,626	RSI above 50	Stochastic overbought
S2	2,510	R2	2,688		
S3	2,440	R3	2,728		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,626
- Technically bullish yesterday, the MA on the RSI did indicate that momentum was supported, but it was starting to flatten, meaning there were signs that it was slowing down. The technical continued to conflict, as the breach in resistance suggested that downside moves had the potential to be countertrend; however, due to price being in divergence, we were cautious on upside moves. A cautious bull.
- Sideways price action yesterday has been followed by a test to the upside in the Asian day session; however, the move has failed to hold resulting in a rejection candle. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,626 with the RSI at or above 60 will mean price and momentum are aligned to the buy 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.
- Technically bullish, The MA on the RSI is now flat whilst the upside move has failed to hold due to the divergence. The rejection candle is warning that the USD 2,585 weekly pivot level is starting to look vulnerable. A close below this level on the weekly candle will imply sell side pressure is increasing, meaning the Fibonacci support zone could be tested. The breach in the USD 2,626 resistance is suggesting that downside moves look to be countertrend; however, if we do trade below the USD 2,440 level, then the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)

Start: 03/20 03:33 End: 05/28 02:15
 LMZSD503 Comdty - Last Price 3103.50
 Close on 04/22 ---- 2832.00
 Start on 03/20 04:00 2509.00
 EMAVG (3) on Close (LMZSD503) 3104.69
 EMAVG (15) on Close (LMZSD503) 3055.75
 EMAVG (30) on Close (LMZSD503) 3019.59
 EMAVG (60) on Close (LMZSD503) 2973.93



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,103.5	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 (63)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,104
- Technically bullish yesterday, the new high meant that the futures had another divergence in play, if the near-term divergence failed, we still had a longer-term divergence to contend with. Although not a sell signal, they are warnings that we had the potential to see a momentum slowdown, which would need to be monitored. For this reason, despite that move higher, we maintained a cautious view on upside moves, as the technical warned that we could struggle to hold above USD 3,091.5.
- The futures traded to a high of USD 3,141.5 before selling lower in the Asian day session. 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 below USD 3,104 with the RSI at or below 58 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Downside moves that hold at or above USD 2,888 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying that momentum remains supported at this point. The near-term divergence has failed, with the RSI signalling that there is the potential for one more test to the upside within this phase of the cycle; however, the longer-term divergence remains in play. For this reason, we maintain a cautious view on upside moves. A close on the 4-hour candle below USD 3,061.5 will imply that sell side pressure is increasing based on price, warning the Fibonacci support zone could be tested.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,808	R1	21,220	RSI above 50	Stochastic overbought
S2	20,431	R2			
S3	20,380	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (70)
- Stochastic is overbought
- Price is below the daily pivot point USD 21,398
- Technically bullish on the last report, the MA on the RSI continued to warn that momentum was supported, whilst intraday Elliott wave analysis suggested that downside moves looked like they could be countertrend. The 1-hour RSI was in divergence with the RSI, warning we could soon see a momentum slowdown, implying caution on upside moves above USD 21,530.
- The futures traded to a high of USD 21,750 before selling lower on the 1-hour divergence with the RSI, this is also the 100% Fibonacci projection of A-B equaling C-D, a natural area of resistance. Price is 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 21,398 with the RSI at or above 78.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 19,618 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have entered a corrective phase with the RSI now below its MA; however, the MA is still warning of momentum support, but there are some signs that it is starting to flatten. Intraday Elliott wave analysis is indicating that downside moves look like they could be countertrend. A close on the 4-hour candle below USD 21,010 (the low of the last dominant bull candle) would suggest that buyside momentum is decreasing, warning that the Fibonacci support zone could be tested. A close on the daily chart below the weekly pivot level (USD 19,050) will imply that sell side pressure is increasing, meaning the USD 19,618 support could be tested; if broken, then the probability of the futures trading to a new high will start to decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,304	R1	2,327	RSI above 50	Stochastic overbought
S2	2,231	R2			
S3	2,171	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,304
- We remained technically bullish but in divergence with the RSI yesterday. Not a sell signal, it continued to warn that we could see a momentum slowdown which needed to be monitored. If the divergence failed, it warned that support levels could hold if tested. The MA on the RSI was flat, but price was above the weekly pivot level (USD 2,275), meaning momentum based on price was supported, a close on the daily chart below this level would imply sell side pressure was increasing. A cautious bull, focus was now on the divergence to see it failed.
- The futures traded to a high of USD 2,348.5 before entering a corrective phase, the divergence has now failed. 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 2,304 with the RSI at or above 68 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 62 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,231 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are now in a corrective phase. The MA on the RSI implies that we have light momentum support; however, the RSI is testing and potentially crossing its average, warning buyside momentum is starting to slow. The divergence failure yesterday suggests that the downside move has the potential to be countertrend in the near-term. A close on the daily chart below the weekly pivot level (USD 2,275) will imply sell side pressure is increasing; whilst a move below USD 2,231 will mean that the probability of the futures trading to a new high will start to decrease.

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