

Cu

Copper retreated for a second day from Monday's record close as demand weakens in China, the biggest market for the metal, and investors stay cautious on the outlook for US interest rates ahead of minutes from the Federal Reserve's latest meeting.

Copper's barnstorming run is showing signs of cooling on signs that the rally may have run ahead of weak fundamentals.

More than 60% of copper rod producers in China have cut or stopped production due to slowing sales, according to Mysteel Global. The 28 plants surveyed by the research firm have combined capacity of 8.94 million tons, or about 30% of the country's total fabrication capacity. (Bloomberg)

Al

Aluminum rallied to its highest price in 23 months as Australia alumina production issues fueled supply concerns for the lightweight metal.

Rio Tinto Group declared force majeure on alumina cargoes from its refineries in Queensland, Australia, on Monday due to shortages of gas to power its operation. Aluminum on the London Metal Exchange rose 3.6% on Tuesday to settle at its highest level since June 2022.

Aluminum has underperformed in the market so far this year compared to better performing metals like copper. But large inflows of money from outside investors into the commodity space are fueling a rally in prices for the versatile material, according to Marex base metals strategist Al Munro.

"And if it's part of the digital and electrical revolution we know is coming, aluminum is going to benefit," he said. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,613	R1	10,722	RSI above 50	
S2	10,462	R2			
S3	10,256	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (58)
- Stochastic is below 50
- Price is below the daily pivot point USD 10,876
- Technically bullish yesterday, the futures were seeing a technical pullback. As noted previously, a close on the 4-hour candle below the low of the last dominant bull candle (USD 10,723), would warn that sell side pressure was increasing, meaning the Fibonacci support zone could be tested. The MA on the RSI was flat, implying buyside pressure was softening. We maintained our view based on Elliott wave analysis that downside move looked to be countertrend.
- The futures continue to soften with price trading below but not yet closing below the 10,723 level. We are above the EMA support band with the RSI is above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 10,876 with the RSI at or above 72.5 will mean price and momentum are aligned to the buyside. 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 MA on the RSI is warning that momentum is starting to weaken. As previously noted, a close on the 4-hour candle below USD 10,723 will imply that sell side pressure is increasing, meaning the Fibonacci support zone could be tested. A close on the daily candle below USD 10,465 will further weaken the near-term technical, indicating the USD 10,256 support could be tested; if broken, then the probability of the futures trading to a new high within this phase of the cycle will start to decrease. A low volume day yesterday would suggest market buyers are pulling back, rather than an increase in selling intensity. We maintain our view bases on intraday Elliott wave analysis that downside moves look like they could be countertrend.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,696	R1	2,709	RSI above 50	Stochastic overbought
S2	2,668	R2			
S3	2,637	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Support band (Black EMA's)
- RSI is above 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,696

Technically bullish yesterday, The MA on the RSI was flat whilst the upside move had failed to hold due to the divergence. The rejection candle warned that the USD 2,585 weekly pivot level was starting to look vulnerable. A close below this level on the daily candle would imply that sell side pressure was increasing, meaning the Fibonacci support zone could be tested. The breach in the USD 2,626 resistance suggested that downside moves look to be countertrend; however, if we did trade below the USD 2,440 level, then the probability of the futures trading to a new high would start to decrease.

No technical pullback yesterday with the futures seeing a strong move higher on the back of Rio Tinto declaring force majeure on alumina cargoes from its refineries in Queensland (Bloomberg). Price is 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 2,696 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 2,596 will support a bull argument, below this level the technical will have a neutral bias.

Technically bullish, the MA on the RSI continues to warn that momentum is supported at this point. Near-term divergences have failed; however, the new high means we remain in divergence with the RSI dating back to late March. The upside moves yesterday confirms that we are on the Elliott wave for this phase of the cycle, we now have a potential upside target as high as USD 2,888. For clarity, our analysis would suggest that we are on a wave 5 of a higher timeframe wave 3. We maintain our view that downside moves look to be countertrend in the near-term.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,122.5	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 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,130
- Technically bullish yesterday, the MA on the RSI implied that momentum remained supported at this point. The near-term divergence had failed, with the RSI signalling that there was the potential for one more test to the upside within this phase of the cycle; however, the longer-term divergence remained in play. For this reason, we maintained a cautious view on upside moves. A close on the 4-hour candle below USD 3,061.5 would imply that sell side pressure is increasing based on price, warning the Fibonacci support zone could be tested.
- We traded to a high of USD 3,185 before seeing a technical pullback. Price is 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 3,130 with the RSI at or above 66.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,903 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the RSI is below its average, but the MA continues to warn that momentum is supported at this point. The longer-term divergence remains in play, warning we are vulnerable to a momentum slowdown; however, the near-term divergence failure is warning that downside moves look like they could be countertrend in the near-term, making USD 2,903 the key support to follow. If broken, then the probability of the futures trading to a new high within this phase of the cycle will start to decrease, implying the lower timeframe wave cycle could fail. The corrective move lower into the close last night means we are seeing a close below the low of the high candle, warning momentum based on price is starting to weaken.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	20,955	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 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 21,363
- Technically bullish yesterday, the futures have entered a corrective phase with the RSI now below its MA; however, the MA still warned of momentum support, but there were signs that it was starting to flatten. Intraday Elliott wave analysis indicated 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 buy-side momentum was decreasing, warning that the Fibonacci support zone could be tested. A close on the daily chart below the weekly pivot level (USD 19,050) would imply that sell-side pressure was increasing, meaning the USD 19,618 support could be tested; if broken, then the probability of the futures trading to a new high would start to decrease.
- The futures continue to sell lower with price trading below the USD 21,010 level; however, we are yet to close below it on the 4-hour candle. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close above USD 21,363 with the RSI at or above 75.5 will mean price and momentum are aligned to the buy-side. 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 MA on the RSI is warning that momentum is weak at this point. However, our intraday Elliott wave analysis continues to suggest that downside moves look to be countertrend, making USD 19,618 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Based on lower timeframe Elliott wave analysis, we could see a wave extension here, meaning we could move higher before confirming the higher timeframe wave 4.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,347.5	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 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,333
- Technically bullish yesterday, the futures were in a corrective phase. The MA on the RSI implied that we had light momentum support; however, the RSI was testing and potentially crossing its average, warning buyside momentum was starting to slow. The divergence failure previously suggested that the downside move had the potential to be countertrend in the near-term. A close on the daily chart below the weekly pivot level (USD 2,275) would imply sell side pressure is increasing; whilst a move below USD 2,231 would mean that the probability of the futures trading to a new high would start to decrease.
- Having traded to a low of USD 2,318 in the Asian day session yesterday, the futures found light bid support with price trading to a high of USD 2,353.5. We remain supported this morning with price above all key moving averages whilst the RSI is above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,333 with the RSI at to above 68 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 63.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,233 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. The upside move yesterday created a negative 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, as noted yesterday, corrective moves lower continue to look like they could be countertrend in the near-term. A cautious bull at these levels, as the technical is suggesting we need to see a pullback, before looking for another move higher.

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