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(Bloomberg) -- Copper headed for the biggest monthly advance in a year, trading just below a 16-month closing high, as investors weighed supply setbacks against weak data from China's manufacturing sector.

Three-month futures were slightly lower near \$10,382 a ton, but remained almost 5% higher in September, set for the biggest rise since the same month in 2024. Prices have been supported by supply disruptions, with the latest Freeport-McMoRan Inc.'s declaration of force majeure at the Grasberg mine in Indonesia. On Monday, copper ended at the highest since May last year.

"The longer the mine stays offline, the longer the rally will last," Societe Generale SA analysts said in note, describing copper as "on fire". Following the halt at Grasberg, and given steady increases in demand, the market could be on track this year for the largest annual deficit since 2004, they said.

On the macro front, meanwhile, data from China on Tuesday showed factory activity extended its decline into a sixth month, marking the longest slump since 2019. The official manufacturing purchasing managers' index was at 49.8 — with figures below 50 showing a contraction. It's the first evidence that weakness in the economy persisted through the end of the third quarter.

"Looking through the volatility of seasonal and other temporary factors, we see an economy that needs more policy support to avoid a steeper pullback," Bloomberg Economics said.

Copper has had a volatile year, buffeted by supply outages and shifts in the Trump administration's trade policy, both in the form of country-specific levies and sectoral tariffs aimed at some types of US copper-product imports. At the same time, there are widespread expectations for stronger demand, including for the energy transition and artificial-intelligence data centers.

Copper futures dipped 0.3% to \$10,382.50 a ton on the London Metal Exchange at 11:22 a.m. in Singapore, up by about 18% this year. Prices peaked just above \$11,000 in May last year.

In other metals, aluminum, zinc, nickel, lead and tin all traded lower on the day.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	10,359	R1	10,485	10,405.5	RSI above 50	Stochastic overbought
S2	10,205	R2	10,546			
S3	10,115	R3	10,713			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,359
- The futures remained bullish but in a corrective phase yesterday with the MA on the RSI starting to turn lower, warning there was early evidence of momentum weakness. As noted previously, with price and the RSI making new highs, momentum suggested that downside moves had the potential to be countertrend, making USD 10,115 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease. However, upside moves that failed at or below USD 10,376 would warn that there could be further downside within the corrective phase. Based on the momentum peak previously, we continued to be cautious on corrective moves lower.
- The futures initially moved sideways until the afternoon session where price caught a bid, resulting in the USD 10,376 resistance being broken. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 10,359 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 10,115 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with momentum suggesting downside moves should be considered as countertrend. The move above the USD 10,376 resistance yesterday is warning that the USD 10,485 fractal high could be tested and broken. However, above this level the futures will be in divergence with the RSI, not a sell signal, it is a warning that we could see a momentum slowdown, this will need to be monitored. Bullish, the fractal high is vulnerable, above this level we will have a note of caution due to the divergence.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,633	R1	2,671	2,668	RSI above 50	
S2	2,626	R2	2,688			
S3	2,621	R3	2,692			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,671
- Unchanged on the technical yesterday, we remained bearish with the deep pullback suggesting that the probability of the futures trading to a new high had started to decrease. However, as noted previously, with the corrective phase of the wave cycle looking like it may have completed, whilst price had found bid support on a high volume candle and lower timeframe divergence; we continued to be cautious on downside moves. Upside moves above USD 2,688 would imply buy-side pressure is increasing, whilst a close that held above the linear regression line (USD 2,689) would warn that the USD 2,720 fractal high could be tested and broken. Conversely, market buyers should be cautious on upside moves that reject the USD 2,688—USD 2,689 resistance area.
- The futures traded to a high of USD 2,687.5 before seeing a small intraday pullback. We remain above the EMA support band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 2,671 with the RSI at or below 49 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. Upside moves that fail at or below USD 2,688 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically the futures remain bearish having failed to trade above the USD 2,688 level yesterday. We have seen a small pullback from key resistance on a high volume candle, meaning we currently have a note of caution whilst below the USD 2,688 level. However, for upside continuation, we will need to close and hold above the linear regression line (USD 2,692). We noted previously that the downside move looked like it may have completed, due to the upside rejection the technical suggests caution on moves higher in the near-term, unless we close and hold above the USD 2,692 level.

Zinc Morning Technical (4-hour)



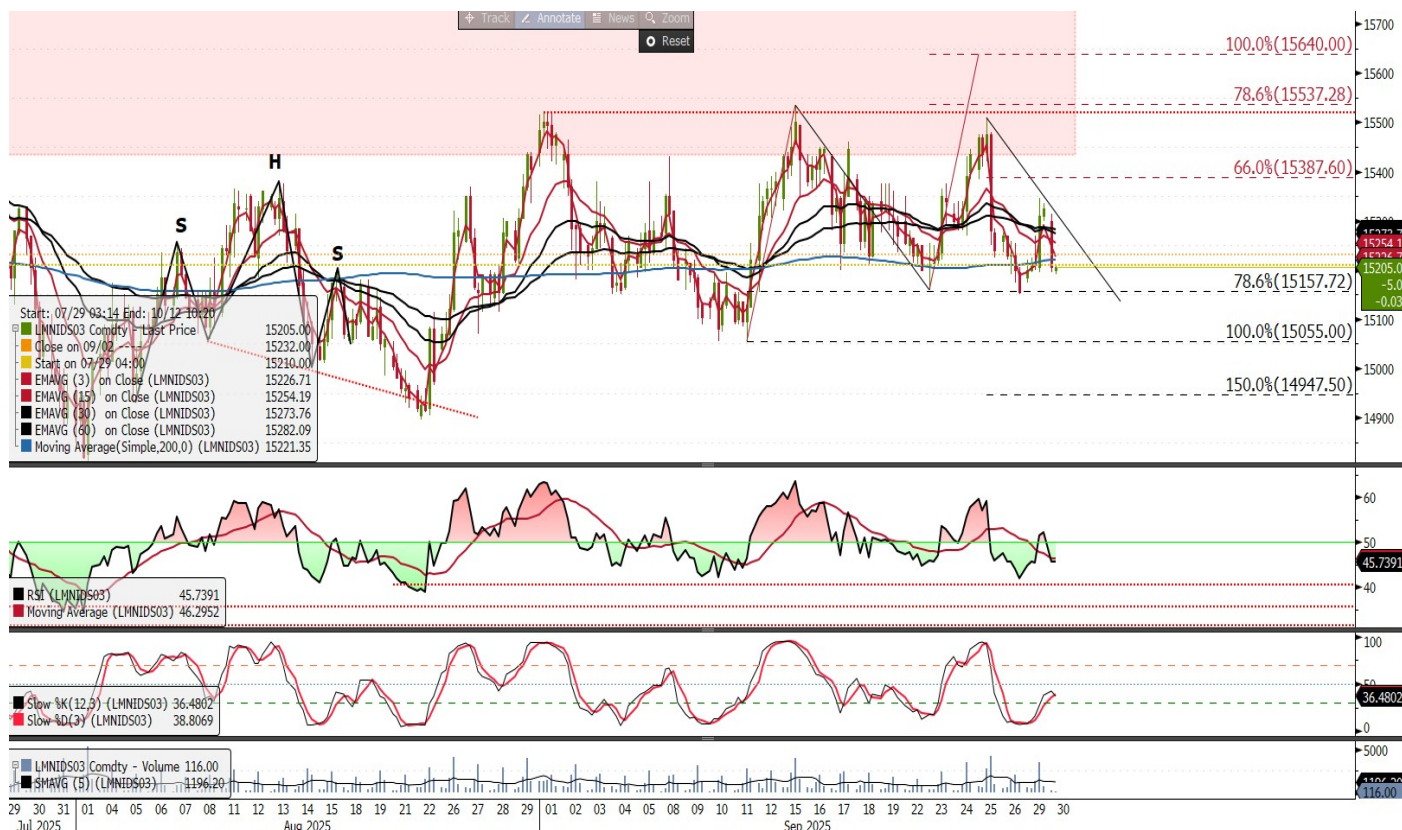
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,922	RSI above 50	
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is on/below the daily pivot point USD 2,923
- The futures remained bullish but in a corrective phase with the upside move above USD 2,951, suggesting downside moves should in theory be countertrend. We noted that we had the intraday 200-period MA at USD 2,846, whilst USD 2,839 was two standard deviations below the linear regression line. This would suggest that if we test the support area, the futures would start to look overextended to the downside. Based on the technical and support at lower levels, we maintained a cautious view on corrective moves lower at that point, as they could struggle to hold.
- The futures found bid support with price trading to a high of USD 2,944.5 before seeing a light pullback on the open. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned at the buy side, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,923 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,838 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with downside moves considered as countertrend at this point. The pullback this morning means that price has closed below the linear regression line (USD 2,627); for upside continuation, we will need to close and hold above this level. Failure to do so, will leave support levels vulnerable. As noted yesterday, we have the 200-period MA at USD 2,850, whilst USD 2,843 is two standard deviation below the linear regression line, with key support at USD 2,838. Technically, we will be cautious on downside moves if the support area is tested, as it will suggest the futures will start to look overextended to the downside. USD 2,627 is the key resistance to follow, the futures will need to move and hold above this level to move higher, we maintain a cautious view on downside moves at this point.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	15,205		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 15,279
- We remained bullish with a neutral bias yesterday with the MA on the RSI implying momentum was weak at that point, making USD 15,387 the key resistance to follow. A rejection of this level would leave the futures vulnerable to further tests to the downside. The futures had traded below the USD 15,160 fractal support, whilst the RSI had also made new lows, suggesting caution on upside moves at that point. If we closed and hold above the intraday 200-period MA (USD 15,217) and traded above the USD 15,387 level, then the technical will be back in bull territory. At that point, the USD 15,535 fractal resistance will become vulnerable.
- The futures did trade to a high of USD 15,345; however, the upside move has failed to hold, resulting in price selling back to yesterday mornings levels, meaning we are back below the intraday 200-period MA (USD 15,221). Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 15,279 with the RSI at or above 48.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 44 will mean it is aligned to the sell side. Upside moves that fail at or below USD 15,387 will leave support levels vulnerable, above this level the technical will be back in bullish territory.
- We remain bullish with a neutral bias, the MA on the RSI continues to warn of momentum weakness. We had a note of caution yesterday due to price breaching the USD 15,160 fractal support, whilst the RSI had made new lows, warning moves higher could struggle to hold. The upside failure yesterday continues to suggest that support levels are vulnerable, meaning we maintain a note of caution on upside moves in the near-term.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,990.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily point USD 1,995
- The futures had sold down to but had held above the USD 1,988 level yesterday, this was also the daily 200-period MA. Daily price action remained neutral; however, whilst above the average resistance levels remained vulnerable. Conversely, a close that held below the USD 1,988 level would indicate that sell side pressure was increasing.
- The futures traded to a high of USD 2,003.5 before reverting back to the daily 200-period MA (USD 1,988). We are below 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 1,995 with the RSI at or above 51 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 1,988 will support a bull argument, below this level the technical will have a neutral bias.
- The futures remain technically bullish with price holding above the USD 1,998 level. The MA on the RSI implies that momentum is weak, meaning the USD 1,988 level remains vulnerable; if broken, then the probability of price trading to a new high will start to decrease. However, failure to close below this level will leave resistance levels vulnerable, as this is also the daily 200-period MA. With price continuing to trade around the daily average, price action is considered as neutral.