

Copper

(Bloomberg) -- Copper extended its retreat from a record high reached last week as the focus turned back to softening demand following a speculative buying frenzy that saw prices break free from fundamentals.

The industrial metal dropped for a third day to around \$12,750 a ton on the London Metal Exchange. It's down 3.1% since last Friday, heading for its worst weekly performance since April. Underscoring the tepid near-term consumption outlook, stockpiles at warehouses monitored by futures exchanges in London, Shanghai and New York are at the highest since 2003.

BNP Paribas SA joined banks including Goldman Sachs Group Inc. in warning copper had overshot fundamentals. The metal is "still overvalued" and levels above \$11,000 to \$11,500 a ton are "almost entirely speculatively driven," BNP strategist David Wilson said in a note.

Copper had been rising since the middle of 2025 on supply outages and a strong long-term demand outlook for a metal that's critical to the energy transition, as well as the threat of US import tariffs. The rally kicked into overdrive late last year as Chinese investors started piling into commodities, even as industrial consumption in Asia's largest economy weakened. The metal jumped above \$14,500 a ton last week, before a wider selloff across metals.

Volatility in base metals will likely drop starting next week as many Chinese traders will stay on the sidelines before the Lunar New Year holidays, said Zhou Xiao'ou, an analyst at Zijin Tianfeng Futures Co. Open interest for copper on the Shanghai Futures Exchange dropped to the lowest since Dec. 4.

BNP also played down the likelihood of US tariffs on refined copper, saying the threat was "significantly diminished" after the White House held off on new tariffs targeting imports of critical minerals following a months-long review. As a result, "the draw of metal units into the US is now essentially over," Wilson said.

Echoing other market watchers, Macquarie Group Ltd. analysts including Peter Taylor said in a note that recent price moves in copper were not justified by fundamentals. Nevertheless, prices are likely to remain elevated until a major macro event triggers a downward correction, they said, raising their first-quarter estimate for copper by 18% to \$12,900 a ton.

Copper fell 1.1% to \$12,756.50 a ton on the LME as of 12:28 p.m. in Shanghai. Other base metals were all lower, with tin down 1.1% and nickel falling 1.5%.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	12,718	R1	12,945	
S2	12,610	R2	13,471	
S3	12,469	R3	13,809	RSI below 50

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 12,945
- Technical outlook Thursday : Bullish/corrective—selling lower in what looks to be an Elliott wave C. The upside rejection yesterday suggested that the futures could now be entering its third wave of the corrective phase (wave C) , within a broader bullish Elliott wave cycle. In theory, downside moves should target the USD 12,414.5 fractal low from the 02/02; however, we have the intraday 200-period MA at USD 12,599 that could potentially attract buyside support. Sell side pressure was increasing, warning support could be tested in the near-term, but our wave analysis indicates that the broader trend is bullish.
- The futures sold to a low of USD 12,528 but have failed to hold below the intraday 200-period MA at USD 12,610. We remain 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 12,945 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 11,940 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Cautious bear.
- The corrective move lower has held the 200-period MA with price producing an intraday bull support candle. The RSI moving average continues to suggest that momentum remains weak , with the RSI looking like it will be divergent below USD 12,414.5; alongside the longer-term average holding, we now have a cautious approach to lower moves at these levels. Intraday price is becoming vulnerable to a move higher in the near-term; however, key resistance remains unchanged at USD 13,809, upside moves that fail at or below this level will warn that the corrective phase could be becoming more complex.

Aluminium Morning Technical (4-hour)



Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,038
- Technical outlook Thursday: Corrective. The futures looked to have entered a corrective Elliott wave C yesterday within a broader bullish cycle. Price had closed below the intraday 200-period MA (USD 3,051), we noted that if we held below it then we would look to test secondary trend support at USD 2,960. Market sellers should be cautious around the trend support line as the RSI is also approaching support, a logical area for buyers to enter the market and manage risk. We also highlighted that price was selling lower on decreased volume, implying there is a lack of intensity on the downside move at that point.
- Price is currently holding below the intraday 200-period MA at USD 3,053. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,38 with the RSI at or above 41.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,821 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: caution on the correction above USD 2,979.5
- The futures have produced two intraday bull support candle between USD 2,979.5—USD 2,990 suggesting we are seeing support at lower levels. A close below USD 2,979.5 would imply sell-side pressure is increasing, warning trend support at USD 2,962 could be tested. However, as highlighted yesterday, the RSI will potentially also be on support alongside price, indicating caution around this area. For downside continuation the futures will need to close below the trend support with the RSI breaking momentum support.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,252	R1	3,299	
S2	3,202	R2	3,366	
S3	3,164	R3	3,407	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,299
- Technical outlook Thursday. Bearish symmetrical breakout. The breakout from the symmetrical pattern to the downside previously warned that the USD 3,238 fractal low and the 200-period MA at USD 3,197 were becoming vulnerable. On the buyside, the RSI was on support which needed to be monitored, a break below the RSI support was needed for downside continuation. A close above the high of the last dominant bear candle at USD 3,327.5 would indicate an increase in buy-side pressure, this would negate the bearish breakout. The RSI support was the key focus on this technical.
- Price is now consolidating with the RSI holding above support. 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 3,299 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below the USD 3,460 will leave the futures vulnerable to further tests to the downside, above this level the Elliott wave cycle will re-enter bullish territory.
- Technical outlook. Neutral
- The bearish symmetrical triangle breakout warns that downside support levels are in theory vulnerable. However, we are not seeing sell-side follow through with the RSI holding above support at this point, implying caution on lower moves in the near-term. For downside continuation the RSI needs to break support with price closing below the USD 3,238 fractal low. As highlighted yesterday, a close above the high of the last dominant bear candle at USD 3,327.5 would indicate an increase in buy-side pressure, negating the bearish breakout