

Copper

(Bloomberg) -- Chinese copper buyers are extending their break over the Lunar New Year as near-record prices chill industrial demand for the metal.

The rally has “increased financial costs at copper rod and pipe producers, and reduced their order books,” said Wang Wei, general manager of Shanghai Wooray Metals Group Co., which sells refined metal to the fabricators that shape copper for factories. The Chinese holiday begins next Monday and officially ends on Feb. 23, but the lull in demand will fully take hold this week, he said.

The world’s biggest buyers of physical metal have resisted the run-up in prices over the past year due to a slowing Chinese economy. Extended shutdowns over the holiday period are likely to put a bigger dent in the market’s momentum, which saw investors drive copper to new heights at the end of last month.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	12,978	R1	13,471	
S2	12,862	R2	13,809	
S3	12,718	R3	14,075	

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA support band (Black EMA's)
- The RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 12,862
- Technical outlook Friday : Cautious bear. The corrective move lower on Friday had held the 200-period MA, with price producing an intraday bull support candle. The RSI moving average continued to suggest that momentum remained weak , with the RSI looking like it would be divergent below USD 12,414.5; alongside the longer-term average holding, we had a cautious approach to lower moves at those levels. Intraday price was becoming vulnerable to a move higher in the near-term; however, key resistance remained unchanged at USD 13,809, upside moves that failed at or below this level would warn that the corrective phase could be becoming more complex.
- Having held the intraday 200-period MA at USD 12,667 the futures are now trading on the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 12,862 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. 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: Bearish, signs of neutrality
- On the basis that price remains below the USD 13,809 resistance and has failed to break below the USD 12,414.5 fractal support, the broader technical bias remains bearish. However, there are growing signs of neutrality. Price is currently trading within the EMA band, which has flattened, suggesting a lack of clear directional bias. Momentum indicators also reflect this indecision, with the RSI holding at neutral levels around 50 and its moving average remaining flat. Near-term price action is neutral. As observed last week, intraday upside moves continue to lack volume confirmation, which warrants caution on further upside attempts.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,060	3,089.5	Stochastic oversold	RSI below 50
S2	2,967			
S3	2,951			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,066
- Technical outlook Friday: Caution on the correction while above USD 2,979.5. The futures had 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 was increasing, warning trend support at USD 2,962 could be tested. However, as highlighted previously, the RSI would also potentially be on support alongside price, indicating caution around this area. For downside continuation the futures would need to close below the trend support with the RSI breaking momentum support.
- Price has moved higher on the bull support candle but the RSI remains below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,066 with the RSI at or below 39 will mean price and momentum are aligned to the sell 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: Cautious bear—evidence of support is leaving resistance vulnerable.
- Having moved higher on the bull support candles the futures are back above the intraday 200-period MA at USD 3,060. The upside move has witnessed an increase in volume support; however, at this point we remain within the EMA resistance band with the RSI below 50. The RSI moving average is implying momentum support while price and momentum are aligned to the buyside; if the futures hold above the daily pivot level it will leave the USD 3,134 fractal resistance vulnerable. A sustained close above USD 3,134 will target the USD 3,227 Fibonacci resistance. We identify USD 3,227 as a key level to monitor, a rejection here will imply the corrective phase has the potential to become more complex, while a sustained move above this level would suggest we are entering a higher timeframe bullish Elliott wave 5.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,331	R1	3,366	
S2	3,252	R2	3,407	
S3	3,202	R3	3,460	Stochastic overbought

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,331
- Technical outlook Thursday. Neutral. The bearish symmetrical triangle breakout warned that downside support levels were in theory vulnerable. However, we are not seeing sell-side follow through with the RSI holding above support at that point, implying caution on lower moves in the near-term. For downside continuation the RSI needed to break support with price closing below the USD 3,238 fractal low. As highlighted previously, 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
- The RSI held support resulting in the futures closing above the USD 3,327.5 level, negating the bearish breakout triangle. We are 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 3,331 with the RSI at or below 47 will mean price and momentum are aligned to the sell 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. Resistance becoming vulnerable
- The upside move in the futures has resulted in an intraday three white soldiers pattern, while the MA on the RSI implies momentum support. The price pattern and momentum indicators warn that resistance is becoming vulnerable, providing price and momentum remain aligned to the buy side. The symmetrical breakout failure to the downside also warns of support at lower levels. If price and momentum starts to conflict, the intraday technical will be considered as neutral.