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Three very ambiguous technicals today.

(Bloomberg) -- Copper extended gains, buoyed by a tighter supply outlook and a weakening dollar, even as Chinese buying waned ahead of the Lunar New Year break.

Investors continue to bet on rising demand from global manufacturing, the green transition and artificial intelligence, at a time when mine supplies are constrained by falling grades. Speculative funds, including those in China, have helped super-charge the rally in recent months. A weaker dollar, making commodities cheaper in other currencies, has supported gains.

Although Chinese buying has tailed off ahead of next week's holiday, overseas risk appetite remains, said Wu Kunjin, head of base metals research at Minmetals Futures Co.

Refined copper spot trades in China dropped to 13,400 tons on Wednesday, from a peak of over 38,000 tons on Feb. 2, according to consultancy Mysteel Global, citing a survey of plants. Open interest and trading volumes on the Shanghai Futures Exchange have dropped to the lowest since November.

Copper rose 0.5% to \$13,166.50 a ton on the London Metal Exchange as of 10:43 a.m. in Shanghai. Nickel increased 0.6%, extending gains to a fifth session, after moves to cut output at the world's biggest mine in Indonesia. Iron ore was 0.3% higher at \$100.25 a ton in Singapore.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	13,100	R1	13,239	
S2	12,900	R2	13,471	
S3	12,718	R3	13,809	

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (52)
- Stochastic is above 50
- Price is below the daily pivot point USD 13,239
- Technical outlook Wednesday : Neutral. We noted yesterday that on price the technical was still considered as bearish. However, the RSI moving average was moving higher while the stochastic was above 75, both indicators suggest that we were seeing signs of momentum support, warning resistance levels could come under pressure in the near-term. However, we continue to see light volume; if we saw a volume increase while moving higher, it would indicate an increase in buyside pressure, warning the USD 13,809 Fibonacci resistance could be tested. Conversely, upside moves on low volume would struggle to hold. Momentum support would help to an extent, but the volume was the conviction and energy needed for a sustained move.
- The futures traded to a high of USD 13,480 on increasing volume; however, post pay-roll figures in the US price gave back its early gains. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 13,239 with the RSI at or below 50 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 11,940 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Neutral
- Bearish based on price, the futures continue to trade on a flat EMA support band, signaling we lack directional bias. Momentum is starting to conflict, as the stochastic is moving lower while the RSI holds above 50. A rejection candle on the daily candle yesterday warns that we should sell lower today; however, USD 13,100 is the most heavily traded area in the last 30-days based on our market profile charts with further support at USD 12,900. Suggesting price could be supported at lower levels.

Aluminium Morning Technical (4-hour)



Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,111
- Technical outlook Wednesday: Cautious bear—evidence of support—testing 1-hour resistance. With the RSI moving average moving higher while the was above 70 yesterday, we continued to see momentum support on the technical; however, price action had stagnated. As highlighted previously, a close below the low of the last dominant bull candle at USD 3,091 would warn that buy-side pressure was weakening. Conversely, a sustained move above the USD 3,134—USD 3,136 fractal resistance would leave the USD 3,227 Fibonacci resistance vulnerable. We highlight USD 3,126 as level of interest, as it was the 1-hour 200-period moving average which also looks to be 2 standard deviations above the 1-hour 20-period MA (Bollinger resistance). We had momentum support but needed to see price break near-term resistance on increased volume for upside continuation.
- The futures traded to a high of USD 3,138.5 yesterday; however. Having initially sold back down to USD 3,098 price is seeing intraday support. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,111 with the RSI at or below 49.5 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: Neutral price action within a bearish trend
- The Moving average on the RSI is now flat, implying buyside momentum has softened; however, the stochastic remains above 70 at this point, creating a momentum conflict. Price is holding above the 200-period MA at USD 3,075 and the EMA support band, implying the market is still supported. Countering this, upside moves are failing to hold above the initial USD 3,136 fractal resistance (has traded up to USD 3,138.5 and USD 3,137.5), implying sell-side resistance is above us. We also note that the 1-hour RSI will be divergent above USD 3,138.5, implying cautious on intraday moves above this level. There are too many variables on the technical at this point; price is the ultimate lead indicator, meaning we need to see a definitive move in either direction, as we have started to consolidate. If we want to look at price patterns, I guess we have a very small bullish cup and handle forming between the 9/02—12/02, but this is lacking confirmation. Neutral

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,417	R1	3,460	
S2	3,414	R2	3,503	
S3	3,323	R3	3,575	Stochastic overbought

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 3,417
- Technical outlook Wednesday. Resistance remained vulnerable, but lacked volume support. The upside move into the close previously had RSI confirmation on the new high with price. The RSI moving average continued to move higher, while the stochastic was above 70, both momentum indicators were showing support. We also had a trend support line that had formed at USD 3,383, while the moving average band was diverging, price was supporting momentum. The only negative was the low volume; however, the USD 3,460 resistance was vulnerable. If broken, price (Elliott) would re-enter bull territory. Market buyers should be cautious on high volume rejection candle below USD 3,460.
- The futures traded to a high of USD 3,458.5 before producing a high volume rejection candle just below our key resistance of USD 3,460. We remain above all key moving averages supported by the RSI above 50 with intraday price and momentum still aligned to the buyside.
- A close on the 4-hour candle below USD 3,417 with the RSI at or below 55.5 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. Inflection point
- If the futures trade above USD 3,460 then price will re-enter bull territory; however, it is imperative that momentum confirms the move with a new high, otherwise we will have a negative divergence in play. Likewise, a close that holds below the trend support line at USD 3,414 would suggest that sell-side pressure is increasing, leaving support levels vulnerable. We are at an inflection point, and now need to see how price behaves in the coming day.