

Metals

(Bloomberg) -- Copper steadied, with some Asian markets offline for the Lunar New Year holiday and traders focused on the Federal Reserve's next move on interest rates.

The metal was little changed near \$12,900 a ton, having pared losses after dropping as much as 0.6% earlier on Thursday. Minutes of the Fed's January meeting released Wednesday indicated that policymakers were surprisingly wary of cutting rates, causing a slight reduction of bets on monetary loosening this year. This weighed on the demand outlook for metals in early trading.

Copper is consolidating after a two-month surge, driven by a wave of speculative buying, took it to a record high at the end of January. Economic data published since the Fed's last meeting have pointed to accelerating growth, slowing inflation and a stabilizing job market. US President Donald Trump has continued to call for lower interest rates.

Copper edged down 0.2% to \$12,883 a ton on the London Metal Exchange as of 4:05 p.m. in Singapore. Aluminum was down 0.1%, while nickel rose 1.3%. Iron ore declined for a seventh session in Singapore, dipping 0.2% to \$95.55 a ton.

Copper Morning Technical (4-hour)



Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 12,832
- Technical outlook Wednesday: Cautious bear
- We noted that the 4-hour divergence had failed yesterday due to the RSI making a new low; however, we had held the support while the 1-hour RSI was still divergent, this had resulted in price finding light bid support. Upside moves that rejected the 200-period MA will leave price vulnerable to further tests to the downside; conversely, market sellers should be cautious on a close that held above the average, as it would indicate that there was underlying support entering the market. With price moving higher on the 1-hour divergence, we continued to take a cautious approach on downside moves while it was in play.
- The futures traded higher on the 1-hour divergence resulting in price testing but remaining below the 200-period MA at USD 12,891. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 12,832 with the RSI at or below 42 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 : Inflection point
- The upside move on the divergence means price is testing the intraday 200-period MA, technically we are at an inflection point. A rejection of the average will leave price vulnerable to further tests to the downside; conversely, a close that holds above the average will indicate we are seeing an increasing in buy-side pressure. The RSI moving average is starting to turn higher, implying we have very light momentum support, if the RSI can reclaim 50 then the momentum support will increase further. Based on the move higher on the positive divergence, we remain cautious on lower moves at this point; however, we acknowledge that while below the 200-period MA, support is technically still vulnerable.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,071	R1	3,094	
S2	3,015.5	R2	3,167	
S3	2,996	R3	3,227	

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,071
- Technical outlook Wednesday: Approaching support—high risk area, neutral
- Price action remained bearish yesterday while the Elliott wave cycle had failed to trade below the USD 2,979.5 fractal low, warning there was still the potential for further downside. However, as noted previously, due to three fractal support levels and trend support at USD 2,992, we maintained our view that price is in a high risk area. A close below the low of the daily bull support candle at USD 3,015.5 would indicate that sell side pressure was increasing, which in theory leaves support levels vulnerable. With a support zone below us, and potential divergence below USD 3,015.5, we maintain our view that the technical warranted caution on downside moves at that point.
- The futures have moved higher away from the support zone but remain below the intraday 200-period MA (USD 3,094). Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,071 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 2,821 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook : Daily Bullish engulfing candle above support.
- A daily Bullish engulfing candle above the support zone highlighted previously warns that buy-side pressure is increasing, supporting our cautious approach on downside moves at this point. However, for upside continuation the futures will need to close and hold above the intraday 200-period MA at USD 3,094, while below the average support is technically vulnerable. Due to the support zone, we maintain a cautious approach on lower moves as it is a high risk area to hold short positions.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	3,334	R1	3,388	
S2	3,252	R2	3,360	
S3	3,238	R3	3,503	RSI above 50 Stochastic overbought

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,334
- Technical outlook Wednesday. Cautious bear
- Having held the 200-period MA at USD 3,251 previously the futures have broken an intraday trendline on the move higher. Lower timeframe Elliott wave analysis indicated we had seen a 5-wave pattern lower. However, we remained above the USD 3,238 level, meaning this move could still be part of a larger corrective wave C, making USD 3,388 the key near-term resistance to monitor. An upside rejection at or below this level would warn that there could be a larger corrective phase in play; conversely, a move above USD 3,388 would reduce the probability of the futures trading to a new low. Although we have seen a break in trend resistance, we were mindful that a bear flag was potentially forming. A sustained break to the downside below trend support had the potential to be aggressive (based on the initial move lower—the flag pole), this would signal that a larger bearish wave cycle could be in play. Based on the 5-wave pattern lower, alongside the futures moving higher on a positive divergence with the RSI, we do have a cautious approach on downside moves.
- The futures have moved higher meaning we are not looking at a potential bear flag. Price is 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 3,334 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below the USD 3,388 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook. Buy-side pressure increasing
- Having held the 200-period MA at USD 3,258 the futures have moved above all key moving averages. The RSI moving average implies we have momentum support, warning the USD 3,388 Fibonacci resistance could be tested and broken. If it is, then the probability of price trading to a new low will begin to decrease; conversely, a rejection below USD 3,388 will warn that there could be further downside within the technical. On the daily chart we have a hammer candle stick (bull support) followed by a bullish confirmation candle, this is indicating we are seeing an increase in buy-side pressure meaning we have a cautious approach on downside moves at this point.