

## Metals

(Bloomberg) -- Copper headed for a third weekly loss, as exchange-tracked inventories continued to build on weaker demand from industrial users.

Futures edged higher on the London Metal Exchange on Friday, but are still on track to finish the week 0.2% lower, which would be the longest losing run since 2024. Stockpiles in warehouses tracked by the bourse have risen to an 11-month high, an indication elevated prices are crimping physical demand.

The metal hit a record in January on a wave of speculative buying, but has been pressured this week by indications Federal Reserve officials may keep policy tighter than expected. Minutes from the bank's January meeting on Wednesday showed policymakers were surprisingly wary about cutting rates this year.

Trading volumes remain thin, with markets in China closed for the Lunar New Year break, and investors will be keenly watching the reopening next week. Demand in the top copper consumer has been weakening since September, resulting in a rise in domestic inventories, according to Morgan Stanley.

"Copper has been remarkably resilient, with macro factors still in the driving seat," Morgan Stanley analysts including Amy Gower wrote in a note. "If inventories do carry on rising, investors may give weak Chinese copper demand more weight."

Three-month futures added 0.3% to trade at \$12,850 a ton on the LME at 3:28 p.m. in Singapore. In other metals, aluminum added 0.8%, while zinc climbed 0.5%.

# Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	12,804	R1	12,907	12,846.5		RSI below 50
S2	12,582.5	R2	13,012			
S3	12,469	R3	13,471			

## 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 12,804
- Technical outlook Thursday: Inflection point
- The upside move on the divergence yesterday meant that price was testing the intraday 200-period MA, technically we were at an inflection point. A rejection of the average would leave price vulnerable to further tests to the downside; conversely, a close that held above the average would indicate that we were seeing an increase in buy-side pressure. The RSI moving average was starting to turn higher, implying we had very light momentum support, if the RSI could reclaim 50 then the momentum support would increase further. Based on the move higher on the positive divergence, we remained cautious on lower moves at that point; however, we acknowledged that while below the 200-period MA, support was technically still vulnerable.
- The futures traded to a low of USD 12,670 before finding bid support, we remain below the intraday 200-period MA at USD 12,907. Price is above the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 12,804 with the RSI at or below 44 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—Inflection point
- Unchanged on the technical today. The MA on the RSI implies that we have light momentum support; however, price remains just below the intraday 200-period MA, meaning support levels are technically still vulnerable. A close that holds above the average would signal an increase in buy-side pressure. Having moved higher on a positive divergence on the RSI, we maintain a cautious approach on downside moves at this point. With price still trading around the 200-MA the technical has a more neutral bias at this point.

# Aluminium Morning Technical (4-hour)



Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (51)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,065
- Technical outlook Thursday: Daily Bullish engulfing candle above support.
- A daily Bullish engulfing candle above the support zone highlighted previously warns that buy-side pressure was increasing, supporting our cautious approach on downside moves at that point. However, for upside continuation the futures needed to close and hold above the intraday 200-period MA at USD 3,094, while below the average support was technically vulnerable. Due to the support zone, we maintained a cautious approach on lower moves as it was a high risk area to hold short positions.
- The futures Sold to a low of USD 3,036.5 before finding light bid support. We remain between the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,065 with the RSI at or below 46 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 : Breaching symmetrical triangle resistance
- The futures are testing a resistance line on a symmetrical triangle (USD 3,083) a close above the resistance line will indicate buy-side pressure is increasing, warning resistance levels are vulnerable. However, we have the 200-period MA at USD 3,096. An bullish breakout is also going to need to close and hold above the average for upside continuation. Technically resistance is vulnerable, while caution is required on downside moves due to the multiple support levels.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1 3,334	R1 3,363	3,356.5	RSI above 50	Stochastic overbought
S2 3,252	R2 3,388			
S3 3,238	R3 3,360			

## Synopsis - Intraday

Source Bloomberg

- 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 3,333
- Technical outlook Thursday. Buy-side pressure increasing
- Having held the 200-period MA at USD 3,258 previously 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 buyside pressure, meaning we have a cautious approach on downside moves at this point.
- The futures had an intraday pullback yesterday however, price is finding bid support. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,333 with the RSI at or below 48 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
- Buy-side pressure is increasing as confirmed by the hammer candle followed by bullish price action. However, there is a caveat, we have channel resistance on the daily timeframe that the futures need to close above at USD 3,363 on the daily candle. If we do, then the probability of the USD 3,388 resistance being broken will be enhanced, above this level the probability of price trading to a new low will begin to decrease. Price action is supported but we need to see further upside to convince that we will move higher.