

(Bloomberg) -- Copper rose for a second day, buoyed by the prospect of lower US import tariffs and Chinese restocking after the Lunar New Year break.

The industrial metal climbed as much as 1.1% to above \$13,308 a ton on Wednesday, building on a 2.3% gain in the previous session. Citigroup Inc. analysts including Tom Mulqueen said copper could return to \$14,000 over the next three months.

"Near-term downside risks are limited by our expectation of strong physical and financial copper dip-buying demand, with imminent seasonal China inventory draws in the coming months," the Citi analysts wrote in a note.

Copper has consolidated at historically high levels after pulling back from a record high above \$14,527 in late January. The metal has been supported by recent shifts in US trade policy, as well as reduced mine output.

After Chinese markets reopened Tuesday, Donald Trump's new 10% global tariffs came into effect, kicking off a White House effort to preserve the US president's trade agenda after the Supreme Court struck down his original duties. For China, as well as some other nations, this means a lower import levy for goods shipped to the US.

[Read More: China, India Among Winners After US Court Blocked Trump Tariffs](#)

Sentiment was also helped by a further easing of home-buying rules in Shanghai, China's financial hub, in the latest attempt by authorities to contain the nation's prolonged property slump that has hurt demand for industrial metals.

Still, demand for copper within China itself will take some time to recover from the extended holiday. The build-up of inventory during the break was greater than normal this year, with stockpiles of refined copper in the country's major consumption centers growing by around 150,000 tons in the period from Feb. 12 to Feb. 24, according to research firm Shanghai Metals Market.

On-warrant copper inventories in warehouses monitored by the Shanghai Futures Exchange surged by 80,409 tons on Tuesday, the biggest jump in data going back to 2010. The increase is due in part to deliveries by smelters ahead of the expiry of the February contract, according to SMM.

Copper rose 0.9% to \$13,288.50 a ton on the London Metal Exchange as of 7:00 a.m. local time. Tin spiked 5.3% to \$52,950 a ton, extending this year's surge to 31%, as the market for the least-liquid metal on the LME grapples with uncertainties over exports from second-biggest producer Indonesia. Iron ore gained 1.9% to \$98.45 a ton in Singapore.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	13,244	R1	13,267.5	RSI above 50	Stochastic overbought	
S2	13,113	R2				13,809
S3	12,963	R3				14,075

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,113
- Technical outlook Tuesday: Technically bearish within a rising channel.
- Downside price action had failed to hold below the weekly pivot support previously, resulting in a move higher. The RSI moving average indicated momentum support, while price was in a rising channel, meaning we had trend support at USD 12,905 and resistance at USD 13,186. We had momentum support on the intraday timeframe, with signs sell side momentum was slowing on the daily timeframe. For upside continuation, we are going to need to see the daily RSI move and hold above the 56 level (currently 53.8). We noted that market buyers should act with caution on a close below the trend support with price and momentum becoming aligned to the sell side, as it would warn that support levels could come under pressure.
- The futures remain supported with price trading to a high of USD 13,308.5. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 13,113 with the RSI at or below 53 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: Minor divergence on the 1-hour timeframe.
- Buy-side pressure is increasing with price trading above the channel resistance line, the RSI alongside price implies momentum confirmation, warning resistance is becoming vulnerable. However, the upside move to a new high means we have a negative divergence on the 1-hour timeframe that needs to be monitored, as it warning price is vulnerable to an intraday throwback. A close back below channel support at USD 13,244 would indicate buy-side pressure has eased, while a close below USD 12,963 would suggest sell side pressure is increasing. Note: if the 1-hour divergence fails it will support further upside price action, but while in play, it does mean we have a small note of caution on higher moves in the near-term.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,109	R1	3,129.5	RSI above 50	Stochastic overbought
S2	3,084	R2			
S3	3,036.5	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,109
- Technical outlook Tuesday: Inflection point—lacking bull impetus.
- Having broken the symmetrical pattern to the upside the futures had failed to produce bullish follow through as price remained on the 200-Period MA, meaning we were at an inflection point. A close that held above the average will indicate that buyside pressure was increasing, warning the Fibonacci resistance zone could come under pressure. We identified USD 3,227 as the key resistance to follow, a rejection at or below this level would imply that there could be further downside within the corrective phase; conversely, if breached, then the probability of the futures trading to a new low would start to decrease. Failure to hold above the 200-period MA would indicate price is lacking bull impetus, despite the bullish pattern breakout.
- The futures are seeing light bid support with price above the intraday 200-period MA at USD 3,108. 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 3,109 with the RSI at or below 52 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: Supported but continues to lack bull impetus
- The futures are trading above the 200 period MA with the stochastic above 70, while the RSI is making new highs alongside price. The upside move is currently lacking volume support (it was higher during the CNY) with price still needing to produce a sustained push away from the longer-period MA; however, we are seeing signs of momentum support. A close back below the average would suggest caution, as it would suggest that bid support is either fading, or sell side pressure is increasing. Price is holding above its average, we have signs of momentum support. Volume is conviction, which we are lacking, suggesting the market is not yet convinced on the recent upside price action.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,393	R1	3,431.5	RSI above 50	
S2	3,368	R2	3,447		
S3	3,340	R3	3,460		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,393
- Technical outlook Tuesday. 1-hour divergence—caution on upside moves in the near-term.
- The upside move on the open yesterday had created a second negative divergence with the RSI, meaning we maintained a cautious approach on higher moves above USD 3,431.5. Market buyers should be cautious on a close below channel support at USD 3,354 as it would warn that sell side pressure was increasing.
- The futures sold to a low of USD 3,375.5 on the 1-hour divergence before seeing light bid support. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,393 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,313 will support a near-term bull argument, below this level the USD 3,253 support will become vulnerable.
- Technical outlook. Cautious on upside breakouts above 3,431.5
- Futures remain supported within the rising channel, having seen intraday selling pressure on the 1-hou divergence with the RSI yesterday. We continue to be cautious on upside breakouts above USD 3,431.5 as price will again be in divergence on the 1-hour timeframe. We also highlight the channel resistance line at 3,447 as a key area of resistance, as this is also two standard deviations above linear regression line, implying upside breakouts could struggle to hold. A close below the low of the last dominant bull candle at USD 3,360 will indicate sell side pressure is increasing, warning support levels will be vulnerable.