

(Bloomberg) -- Aluminum fell from its highest since 2022 — and other metals declined — as mounting concerns over the economic consequences of a prolonged Middle East war dominated sentiment across markets.

There were few signs of the conflict ending soon, with US President Donald Trump and Iran's new supreme leader Mojtaba Khamenei both striking defiant tones. While aluminum remains on track for a big weekly gain on supply disruptions, investors also have to reckon with a potential impact on metals demand if soaring energy costs hit the global economy.

Aluminum was down 1% on the London Metal Exchange by 5:56 a.m. to trade at \$3,481.50 a ton. The metal climbed roughly 4% over the previous three sessions. Copper, zinc and nickel also fell.

The deepening conflict is fueling fears of a stagflationary shock if rocketing energy prices fuel inflation and undercut growth at the same time. Metals including copper have fallen since the war broke out, but aluminum has gained given the Middle East hosts about a tenth of global production.

Industrial disruptions remain widespread at facilities throughout the Middle East, and commodity shipments through the Strait of Hormuz have all but halted. It remains unclear how much longer the conflict will last.

"We see risk of more smelter closures" if shipping through the Strait of Hormuz remains restricted for the next few weeks, UBS Group AG analysts led by Lachlan Shaw said in a note. The bank lifted its 2026 aluminum price forecast 13% to \$3,250 a ton, citing the potential for war-related interruptions to accelerate already expected tightness in the global market.

Already, Aluminium Bahrain BSC has declared force majeure to customers due to logistical disruptions. Such disruptions have sent traders rushing to withdraw metal from warehouses and premiums for immediately available physical metal have jumped.

However, Norsk Hydro ASA, a joint-venture partner in Qatar Aluminium Ltd., said the major smelter will be able to avert a full shutdown after securing natural gas supplies.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,783	R1	12,879	Stochastic oversold	RSI below 50
S2	12,709	R2	12,978		
S3	12,583	R3	13,174		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 12,978
- Technical Outlook Thursday: Symmetrical triangle—neutral
- Bid support on the open yesterday had resulted in the futures are testing the intraday 200-period MA at USD 13,037. A close and held above the average, followed by a move above the USD 13,083 level would warn that Fibonacci resistance at USD 13,209 could be tested and broken. Conversely, a rejection of the 200 would leave the trend support line at USD 12,862 vulnerable. Price remained in a consolidation pattern, meaning we lacked directional bias. Neutral.
- The futures rejected the intraday 200-period MA at USD 13,030 resulting in closing below trend support at USD 12,879. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 12,978 with the RSI at or above 50.5 will mean price and momentum are 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: sell side pressure increasing.
- The futures have closed below the lower trend support line of the symmetrical triangle, signaling we are in the process of a potential downside breakout. If we hold below the support line then we target the USD 12,583 fractal low, failure to hold the breakout will leave the technical neutral. The rejection of the intraday 200-period MA, alongside the close below trend support indicates an increase in sell side pressure, suggests support is vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,439	R1	3,510	RSI above 50	Stochastic overbought
S2	3,406	R2	3,547		
S3	3,361	R3	3,614		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,510
- Technical outlook Thursday: Bullish
- We noted yesterday that the upside above key resistance, alongside the lower timeframe Elliott wave extension, suggested that we were on a bullish impulse wave 5 for this phase of the cycle. Above USD 3,544 would warn that the Fibonacci resistance zone between USD 3,531 - USD 3,645 will be vulnerable; however, above USD 3,544 the RSI would be in divergence with price. Not a sell signal, the divergence warned that buy-side momentum could slow, which needed to be monitored. Technically we were seeing bid support again, while the situation in the Middle East left price vulnerable to further bullish Elliott wave extensions, which we needed to monitor for.
- The futures traded to a new high at USD 3,546.5 before seeing an intraday pullback. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,510 with the RSI at or above 65 will mean price and momentum are aligned to the buy-side. Downside moves that hold at or above USD 3,1361 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Cautious bull
- The futures are selling lower on a negative divergence with the RSI; however, Fibonacci projection levels suggest we have a potential upside target at USD 3,614 for this phase of the cycle. Corrective moves that hold at or above USD 3,361 will indicate that price remains supported, warning of further upside within the cycle. Conversely, if breached, then the probability of price trading to a new high will begin to decrease. With the divergence in play, we technical suggests that caution is warranted on higher moves at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,277	R1	3,288.5	Stochastic oversold	RSI below 50
S2	3,256	R2			
S3	3,226	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,310
- Technical outlook Thursday. Bullish throwback, caution on downside moves while above USD 3,277
- Unchanged on the technical this morning. The futures remained in a corrective phase that looked to be a bullish throwback. This was based on the upside move breaching key resistance previously, while we looked to have already completed the A,B,C correction. Near-term price action was becoming neutral, as price was on the intraday 200-period MA, meaning we were at an inflection point. The RSI at 50 was neutral, while price and momentum were conflicting. Key support was at USD 3,277, below this level the pullback will be considered as deep, signaling we are re-entering bearish territory.
- The futures have breached the USD 3,277 support. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,310 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,346 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook. Sell side pressure has increase, Elliott wave analysis is neutral
- Sell-side pressure is on the increase due to the move below the USD 3,277 support. However, our Elliott wave analysis suggests that the A, B, C, corrective phase had already completed. From a technical perspective, we now have a neutral view, as the pullback has been deeper than expected.