

## Al

(Bloomberg) -- Aluminum recovered after a two-day slide, as uncertainty over the duration of the Iran war fueled worries about further potential output cuts at major plants across the Middle East.

The near-total closure of the Strait of Hormuz is stopping smelters from shipping out metal and bringing in raw materials. Several firms have already reduced output, and the risk of more halts will grow if the war continues, analysts warned.

Producers in the region could cut as much as another half a million tons of annualized output if the strait remains blocked for another one to two weeks, Chinese researcher Mysteel wrote in a note. Aluminum rose as much as 0.9% on the London Metal Exchange.

"The current aluminum price still significantly underestimates the impact of supply reductions and cost increases on the aluminum industry," Mysteel said. Previous price expectations based on a quick resolution of the conflict aren't valid, it said.

Iran stepped up attacks on energy infrastructure across the Persian Gulf, forcing the suspension of a major gas field in the United Arab Emirates. That came after US President Donald Trump — who wants to delay a summit with Chinese President Xi Jinping because of the war — threatened to expand US strikes on Iran's key export hub on Kharg Island.

## Growth Risks

Aluminum spiked to a four-year high last week amid disruptions in a region that accounts for 9% of global production, although prices have wavered along with other metals as traders also reckon with the potential risks to global growth as energy prices rocket.

The metal was up 0.4% to \$3,408 a ton by 11:10 a.m. Shanghai time. Copper rose 0.2% and zinc gained 0.1%.

"If the war drags on for another two weeks or a month, there will be a completely different picture on production cuts at Middle East smelters," said Harry Jiang, a trader with China-Base Ningbo Group Co. "There will be concentrated cuts."

But the Iran war isn't the only disruption roiling the global aluminum supply chain.

Europe just lost its biggest single supplier of the metal after a smelter in Mozambique was mothballed, while the government of Guinea — the world's top bauxite producer — is mulling ways to restrict exports of the raw material as soon as this year. Guinea's plan sent alumina surging 4.8% on the Shanghai Futures Exchange to hit its highest in nearly seven months.

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull   | Bear         |
|----|---------|------------|---------------|--------|--------------|
| S1 | 12,702  | R1         | 12,910        | 12,824 | RSI below 50 |
| S2 | 12,583  | R2         | 13,025        |        |              |
| S3 | 12,432  | R3         | 13,174        |        |              |

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 12,841
- Technical Outlook Monday: Bearish breakout—conflicting signals
- We noted yesterday that the close below the trend support line had bearish connotations going forward. However, the weekly close had produced a Doji candlestick, implying indecision. We also noted that we had a positive reversal pattern with the RSI on the daily timeframe, suggesting caution on downside moves. Three different signals on three different timeframes meant that we were technically neutral.
- The futures moved higher on the daily positive reversal pattern; however, price is rejecting the trend support line (now resistance) from the symmetrical triangle breakout. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 12,841 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 11,940 will support a longer-term bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: potential bearish confirmation breakout
- The upside move in the futures is in the process of rejecting the trend resistance line from the symmetrical triangle pattern. From a technical perspective, the pullback and rejection of the trend resistance will confirm the breakout and warn that the USD 12,583 and USD 12,432 support levels could come under pressure.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull    | Bear                |
|----|---------|------------|---------------|---------|---------------------|
| S1 | 3,361   | R1         | 3,419         | 3,403.5 | Stochastic oversold |
| S2 | 3,325   | R2         | 3,547         |         |                     |
| S3 | 3,265   | R3         | 3,614         |         |                     |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,419
- Technical outlook Monday: Cautious bull
- The futures continued to sell lower yesterday on the negative divergence with the RSI, while the MA on RSI implied that momentum was weakening. We noted that while above the USD 3,361 level, resistance would remain vulnerable; if broken, then the probability of price trading to a new high would begin to decrease. The divergence suggested caution on upside breakouts above USD 3,546.5, but while above USD 3,361 price remained in bull territory.
- The futures sold to a low of USD 3,372 before stabilizing. We are between the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,419 with the RSI at or above 55.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,361 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Cautious bull
- Price is holding above the USD 3,361 support, meaning the technical remains in bullish territory. However, the RSI moving average continues to imply that momentum is weak at this point, meaning the USD 3,361 level is still vulnerable. If broken, the probability of the futures trading to a new high will begin to decrease. On the buyside, the RSI is making new lows, price is not. This is known as a positive reversal pattern and implies that price is currently supported. Two different momentum signals; for upside continuation, the futures need to hold above USD 3,361 with price and momentum becoming aligned to the buyside.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 3,256   | R1 3,280   | 3,258.5       | Stochastic oversold | RSI below 50 |
| S2 | 3,226   | R2 3,340   |               |                     |              |
| S3 | 3,176   | R3 3,386   |               |                     |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,280
- Technical outlook Monday. Neutral
- As noted previously, the corrective phase looked to have completed; however, the pullback below USD 3,277 had been deeper than expected, warning that the probability of the futures trading to a new high was decreasing. We had a daily support line that started on the 13/06/25, with current trend support was at USD 3,228, making this a near-term downside target for market sellers. Above this level, we continued to have a cautious approach on lower moves; A close and hold below USD 3,228 on the daily candle would have bearish implications going forward.
- The futures sold to a low of USD 3,253.5. 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 3,280 with the RSI at or above 44.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 3,340 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook. Minor positive divergence
- The futures remain in a corrective phase with the daily trend support rising to USD 3,243. Price remains in a corrective phase while the RSI moving average implies momentum is weak. However, we are approaching trend support while the intraday RSI has a minor divergence in play, meaning we are cautious on downside moves in the near term. For downside continuation, the futures need to close and hold below the daily trend support with the intraday divergence failing.