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(Bloomberg) -- Copper resumed losses after a brief bounce in the previous session, as global inflation and growth concerns due to the Middle East war weighed on the metals complex.

Most industrial metals fell, following a jump on Monday after President Donald Trump said the US will postpone planned strikes on Iranian energy infrastructure for five days following talks with Tehran, though an Iranian official ruled out negotiations. Hopes of a de-escalation faded after the Wall Street Journal reported that US allies in the Persian Gulf are inching toward joining the fray.

War-driven disruptions to Middle East energy production and trade have driven oil prices higher, threatening to hurt economic activity worldwide while fueling inflation that forces central banks to take a more hawkish stance on interest rates.

Copper has fallen 10% on the London Metal Exchange this month, which has lured more purchases from China. Inventories in the top metal-consuming country declined sharply over the past week.

Read More: [China Copper Inventories Plunge as Falling Prices Aid Demand](#)

Any downside in prices will be limited by copper's importance in the global energy transition and higher demand from Chinese fabricators, said Fan Rui, analyst with Guoyuan Futures Co.

Copper fell 1.1% to \$12,026.50 a ton on the London Metal Exchange as of 11:04 a.m. in Shanghai, after slumping 6.7% last week, the steepest in nearly a year. Nickel and tin were lower while aluminum was flat.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	11,644	R1	12,105		RSI below 50
S2	11,284	R2	12,295		
S3	11,061	R3	12,463		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (41)
- Stochastic is below 50
- Price is below the daily pivot point USD 12,105
- Technical Outlook Monday: Intraday upside moves considered as countertrend
- We noted yesterday that despite the USD 600 rally last week the upside move was part of a lower timeframe corrective wave cycle, meaning upside moves should still be considered as countertrend. Price was in divergence with the RSI, not buy signal, it warned that we could see sell side momentum slowdown, which needed to be monitored. USD 11,644 was a level of interest, as it was the 161.8% Fibonacci projection, a level that market sellers would want to test in the near-term to see if it had buyside support.
- The futures moved higher on the Trump truth social posts. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 12,105 with the RSI at or below 30.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 12,689 will leave the future vulnerable to further tests to the downside, above this level the corrective phase will enter neutral territory.
- Technical Outlook: Intraday upside moves considered as countertrend
- Price is moving higher with volume support on the divergence, alongside President Trump's claims that they are in talks with Iran. From a technical perspective, our Elliott wave analysis suggests that upside moves should be considered as countertrend while below the USD 12,689 level. Above USD 12,689 the probability of price achieving new lows will begin to decrease. The RSI moving average and elevated volume yesterday indicate underlying support, meaning we remain vulnerable to further tests to the upside in the near-term.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,207	R1	3,212	Stochastic oversold	RSI below 50
S2	3,172	R2			
S3	3,100	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,207
- Technical outlook Monday: Upside moves considered as countertrend.
- The move below the USD 3,265.5 fractal support previously meant that the technical was bearish based on price, while the move below USD 3,172 indicated that the broader Elliott wave cycle was neutral. We were trading just below the intraday 200-period MA at USD 3,207, implying we were at an inflection point. If we held below the average, support levels would remain vulnerable; conversely, a close and hold back above the 200 MA would indicate that there was underlying support entering the market, warning resistance levels could come under pressure in the near-term. Based on the depth of the pullback, upside moves were considered as countertrend while below the USD 3,399 resistance. We were a little cautious on downside moves at those levels due to the high volume rejection from the low at USD 3,115.
- The futures are consolidating around yesterday's levels. We remain below 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 3,207 with the RSI at or below 31.537 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. Upside moves that fail at or below USD 3,399 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Market support; Upside moves considered as countertrend.
- The futures remain bearish but in a corrective phase with upside moves considered as countertrend, providing we do not breach the USD 3,399 resistance; if we do then the probability of price trading to a new low will begin to decrease. However, we have a positive reversal pattern and a high volume support candle that warn price is becoming vulnerable to an intraday move higher. Note: if the RSI starts to close above the 52—55 area (highlighted by the red band), it will warn that we are seeing an increase in momentum support, warning the USD 3,399 resistance could come under pressure.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,029	R1 3,103	3,058	Stochastic oversold	RSI below 50
S2	3,017	R2 3,162			
S3	2,972	R3 3,205			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,103
- Technical outlook Thursday: Upside moves considered as countertrend.
- Bearish with upside moves considered as countertrend yesterday, we were cautious on downside breakouts below USD 3,025 in the near-term, as price would be divergent with the RSI. Not a buy signal, it warned that sell side momentum could slow down. We also noted that the daily 200-period MA was at USD 3,015, a benchmark average that could see buyside support.
- The futures have seen a small move higher, we are below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,103 with the RSI at or below 29 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,263 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook. Upside moves considered as countertrend.
- Unchanged on the technical today, we remain bearish with upside moves considered as countertrend, we continue to be cautious on downside breakouts below USD 3,025 in the near-term, as price will be divergent with the RSI. Not a buy signal, it is a warning that sell side momentum could slow down. We also noted that the daily 200-period MA is at USD 3,017, a benchmark average that could see buyside support if tested.