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(Bloomberg) -- Copper and most other metals rose as optimism around Washington's diplomatic push to end the war in the Middle East boosted risk appetite.

The industrial metal climbed as much as 2% on the London Metal Exchange after President Donald Trump said Iran had offered a "present" as a show of good faith in negotiations to end the conflict. However, Washington is moving more troops to the region, while Axios reported that the US and a group of regional mediators were still waiting for a response from Iran.

Trump's comments were enough to push metals higher though, arresting a slide that's been driven by worries the war will boost inflation and slow global economic growth. Copper is up around 3% so far this week after falling about 11% over the previous three weeks.

"The progress of the war is very hard to gauge, and the news is mixed," said Li Xuezhi, head of research at Chaos Ternary Futures. "As long as the war does not stop, the risk of a pullback in base metal prices remains. We are relatively cautious and choose to stay on the sidelines for now."

Aluminum was the only metal that fell on the LME on Wednesday. The Middle East accounts for about 9% of production capacity for the lightweight metal, and the effective closure of the Strait of Hormuz has constrained shipments. Goldman Sachs Group Inc. raised its second-quarter price forecast to \$3,200 a ton from \$3,100, saying in a note that supply disruptions would be partially offset by weaker global demand.

Copper rose 1.2% to \$12,246 a ton on the LME as of 11:03 a.m. in Shanghai. Zinc climbed 0.7%, while aluminum fell 0.6% to \$3,242.50. Iron ore dropped 2.4% to \$105.05 a ton in Singapore.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,049	R1	12,196.5		RSI below 50
S2	11,644	R2			
S3	11,284	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 12,049
- Technical Outlook Tuesday: Intraday upside moves considered as countertrend
- Price was moving higher with volume support on the divergence, alongside President Trump's claims that they were in talks with Iran. From a technical perspective, our Elliott wave analysis suggested 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 would begin to decrease. The RSI moving average and elevated volume previously indicated underlying support, meaning we remained vulnerable to further tests to the upside in the near-term.
- The futures have gapped higher on the open on speculation of a ceasefire. We remain below the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 12,049 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. 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
- From a technical perspective our Elliott wave analysis suggest that intraday upside moves should be considered as countertrend, providing we remain below USD 12,689. Above USD 12,689 the probability of price trading at new lows will begin to decrease. Although our purpose is to give a technical perspective, we have gapped higher on the open, as the US are pushing to end the war, which if achieved could push price above key resistance levels. On the buy-side, the RSI moving average implies momentum support, while we note that there is a potential inverse head and shoulders pattern forming, this could have bullish implications going forward.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,238.5		RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,230
- Technical outlook Tuesday: Market support; Upside moves considered as countertrend.
- We noted yesterday that the futures remained bearish but in a corrective phase with upside moves considered as countertrend, providing we did not breach the USD 3,399 resistance; if we did then the probability of price trading to a new low would begin to decrease. We highlighted a positive reversal pattern and a high volume support candle that warned price was becoming vulnerable to an intraday move higher. We also noted that if the RSI started to close above the 52—55 area (highlighted by the red band), it would imply that we were seeing an increase in momentum support, warning the USD 3,399 resistance could come under pressure. 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 have found light bid support on the positive reversal pattern but we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,230 with the RSI at or below 34.5 would mean price and momentum are aligned to the sell 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.
- We remain in a corrective phase with the RSI moving average implying we have momentum support. However, the RSI remains below the resistance band highlighted, meaning we remain cautious on upside moves at this point. If the RSI closes and holds above the 55 level it will signal momentum support, warning the USD 3,399 resistance could be tested and broken; if it is, then the probability of price trading to a new low will begin to decrease. A rejection of the RSI resistance band will leave support vulnerable.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,054	R1	3,059	Stochastic oversold	RSI below 50
S2	3,029	R2			
S3	3,019	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,054
- Technical outlook Tuesday: Upside moves considered as countertrend.
- Unchanged on the technical yesterday, we remained bearish with upside moves considered as countertrend, we continued to be 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 3,017, a benchmark average that could see buyside support if tested.
- The futures sold to a low of USD 3,027 before finding light bid support, we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,054 with the RSI at or below 32 will mean price and momentum are aligned to the sell side. 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.
- We remain cautious on near-term downside moves, as price would become divergent below USD 3,025. We also continue to highlight the daily 200-period moving average at USD 3,019, which is likely to attract buyside support. As noted previously, our Elliott wave analysis suggests that upside moves should be viewed as countertrend, provided prices remain below USD 3,263. A break above this level would reduce the probability of a move to new lows.