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(Bloomberg) -- Copper fell along with other base metals as investors monitored the uncertainty surrounding US-Iran negotiations to possibly end the war.

The US has insisted talks are ongoing while Iran has publicly rejected President Donald Trump's outreach. The war, now nearing the one-month mark, has raised concerns about inflation and slowing industrial activity across the world, clouding the demand outlook for metals.

Confusion over the direction and duration of the conflict is keeping some traders on the sidelines.

"I have exited positions on base metals futures," said Aces Zhou, a Shanghai-based trader at KS Commodities Ltd. "At this price level, I tend to wait for the geopolitical story to be done first and wait for another trading topic."

Still, investors are monitoring recovering demand in China after copper prices slipped 8% this month due to the Iran war.

"It will be very comfortable for some fabricators to buy at current price level" as the country's robust exports, especially of power equipment, drive demand, Zhou said.

Copper on the London Metal Exchange fell 1.1% to \$12,179 a ton as of 10:37 a.m. in Shanghai and aluminum declined 0.7%. Nickel steadied following a jump of 2.3% on Wednesday, after the world's top producer Indonesia approved taxes on exports of the battery metal.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	11,644	R1	12,287		
S2	11,284	R2	12,295		RSI below 50
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 (45)
- Stochastic is overbought
- Price is below the daily pivot point USD 12,287
- Technical Outlook Wednesday: 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 low 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.
- The futures consolidated yesterday before selling lower this morning. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 12,287 with the RSI at or below 45 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 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
- The RSI moving averages implies that near-term momentum remains supported at this point; however, the RSI is testing its average. If price and momentum become aligned to the sell side, then the inverse head and shoulders pattern highlighted yesterday has a higher chance of failing. On the sell-side, our Elliott wave analysis does indicate that upside moves should be considered as countertrend, providing we remain below the USD 12,689 resistance; if breached, then the probability of price trading to a new low will begin to decrease. If the futures follow their technical footprint (rather than an event driven move), then caution is warranted on higher moves at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,212	R1	3,223.5		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 (41)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,241
- Technical outlook Wednesday: Market support; Upside moves considered as countertrend.
- We remained in a corrective phase yesterday with the RSI moving average implying we had momentum support. However, the RSI remained below the resistance band highlighted, meaning we remained cautious on upside moves at that point. We noted that if the RSI closed and held above the 55 level it would signal momentum support, warning the USD 3,399 resistance could be tested and broken; if it was, then the probability of price trading to a new low will begin to decrease. A rejection of the RSI resistance band would leave support vulnerable.
- Sideways action yesterday the futures have seen a small move lower in the Asian day session. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,241 with the RSI at or below 40 would 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 3,399 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 upside moves viewed as countertrend, provided resistance at USD 3,399 remains intact. A break above this level would reduce the probability of a move to new lows. Price is currently trading around the intraday 200-period moving average at USD 3,212, placing the market at an inflection point. A sustained move below this level would warn that support levels may come under pressure. Conversely, holding above the average suggests underlying support remains in place. However, momentum remains a concern. The RSI resistance band between 52–55—previously a support zone—has acted as resistance following the polarity shift on 18/03. For upside continuation, the RSI will need to hold above 55 to signal a meaningful shift in momentum, regardless of price holding above the 200-period moving average.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,069	R1 3,162	3,072.5	Stochastic oversold	RSI below 50
S2	3,029	R2 3,205			
S3	3,021	R3 3,263			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,069
- Technical outlook Wednesday: Upside moves considered as countertrend.
- We remained cautious on near-term downside moves yesterday, 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 was likely to attract buyside support. As noted previously, our Elliott wave analysis suggests that upside moves should be viewed as countertrend, provided prices remained below USD 3,263. A break above this level would reduce the probability of a move to new lows.
- Light bid support yesterday, the futures remain below all key moving averages 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 3,069 with the RSI at or below 37.5 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 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 cautious on near-term downside moves yesterday, as price would become divergent below USD 3,025. We also continue to highlight the daily 200-period moving average at USD 3,021, 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.