

Cu

(Bloomberg) -- Copper rose on Friday — and was headed for its first weekly gain this month — on optimism that US efforts to end the war in Middle East would bear fruit and prevent a slowdown in global growth.

President Donald Trump pushed back a deadline for Iran to strike a deal with the US or face more attacks. However, it's still unclear who Washington is negotiating with, and the Wall Street Journal reported the Defense Department was considering sending as many as 10,000 additional troops to the Middle East,

Most industrial metals have fallen this month on expectations the conflict will spur inflation and slow global growth. Aluminum has been the exception, given that the effective closure of the Strait of Hormuz has cut off about 9% of global supply, although it was also headed for a weekly increase.

“Despite all the claims from the US side, there is hardly any easing of tensions in reality,” said Harry Jiang, a trader with China-Base Ningbo Group Co. “Many traders are taking a wait-and-see approach.”

Investors are also monitoring a demand recovery in China, with copper inventories recording their biggest weekly drop this year. A slump in prices due to the war in Iran is boosting orders from fabricators

Copper rose 0.8% to \$12,244.50 a ton on the London Metal Exchange as of 11:37 a.m. in Shanghai, and was up 2.6% for the week. Aluminum was steady at \$3,269 a ton, headed for a 1.7% weekly increase. Iron ore dropped 0.1% to \$106.35 a ton in Singapore, and was poised for the first weekly decline in five.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,160	R1	12,295	RSI above 50	
S2	12,134	R2	12,395		
S3	11,700	R3	12,463		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI is above 50 (52)
- Stochastic is above 50
- Price is above the daily pivot point USD 12,160
- Technical Outlook Thursday: Intraday upside moves considered as countertrend
- The RSI moving average implied that near-term momentum remained supported yesterday; however, the RSI was testing its average. We noted that if price and momentum became aligned to the sell side, then the inverse head and shoulders pattern highlighted previously had a higher chance of failing. On the sell-side, our Elliott wave analysis did indicate that upside moves should be considered as countertrend, providing we remained below the USD 12,689 resistance; if breached, then the probability of price trading to a new low would begin to decrease. If the futures followed their technical footprint (rather than an event driven move), then caution was warranted on higher moves.
- The futures consolidated yesterday, the H&S pattern is now turning into an ascending triangle pattern. Price is between the EMA resistance band with the RSI now above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 12,160 with the RSI at or below 47.5 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: Neutral
- Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, making USD 12,689 the key resistance to follow. A move above USD 12,689 will reduce the probability of the futures trading to a new low. Countering this, price has entered a consolidation phase in the form of an ascending triangle, meaning near-term price action is neutral. However, an ascending triangle has a bullish bias based on the rising trend line; ultimately, directional bias will come from a close and hold outside of the pattern (USD 12,395—USD 12,134). Note: an upside breakout will need volume support, this is not necessarily the case on a downside breakout, but is preferred.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,255	R1	3,274	RSI above 50	Stochastic overbought
S2	3,239	R2			
S3	3,212	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,255
- Technical outlook Thursday: Market support; Upside moves considered as countertrend.
- We remained in a corrective phase yesterday, with upside moves viewed as countertrend, providing resistance at USD 3,399 remained intact. A break above this level would reduce the probability of a move to new lows. Price was 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 would suggest there was an underlying support in the market. However, momentum remained a concern. The RSI support band between 52–55—previously a support zone—had acted as resistance following the polarity shift on 18/03. For upside continuation, the RSI would need to hold above 55 to signal a meaningful shift in momentum, regardless of price holding above the 200-period moving average.
- The futures are seeing light bis support with price above the intraday 200-period MA at USD 3,212. the futures are between the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,255 with the RSI at or below 45.5 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.
- The futures are holding above the intraday 200-period MA; however, the RSI is currently in its resistance zone between 52-55. for upside continuation, the RSI will need to close and hold above the 55 level; if it does, then the USD 3,399 resistance will start to become vulnerable. This remains a key resistance on the technical, a move above this level will reduce the probability of price trading to a new low. Conversely, if the RSI rejects its resistance zone, then the 200-MA is likely to come under pressure. Market longs should act with cation on a close that holds below the trend support line at USD 3,239, as it will signal an increase in sell-side pressure.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,105.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,078
- Technical outlook Thursday: Upside moves considered as countertrend.
- Unchanged on the technical yesterday, we remain cautious on near-term downside moves, as price would become divergent below USD 3,025. We also continued to highlight the daily 200-period moving average at USD 3,021, 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.
- The futures remain supported with price between the 8-21 period EMA's, the RSI is above 50 while price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,078 with the RSI at or below 42.5 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. Neutral
- Technically, upside moves are still considered as countertrend. We are taking a neutral approach today as the RSI is approaching resistance at 60; if price and momentum become aligned to the sell side, then the USD 3,024.5 fractal low becomes vulnerable. However, a downside breakout will create a positive divergence with the RSI, suggesting caution, as we could see a momentum slowdown.