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(Bloomberg) -- Copper rose to a three-week high after the US and Iran agreed to a temporary ceasefire and reopening of the Strait of Hormuz, easing concerns over inflation and a global economic slowdown.

The industrial metal advanced as much as 2.9% to \$12,666 a ton on the London Metal Exchange as global markets rediscovered an appetite for risk. Aluminum, the base metal most directly affected by supply concerns during the conflict in the Middle East, also gained.

A two-week ceasefire was reached less than two hours before President Donald Trump's deadline for attacking Iranian power plants and bridges. Oil fell the most in almost six years and stocks surged, while the pause in fighting brightened the demand outlook for metals.

Read More: [US and Iran Agree to Ceasefire Hours Before Trump Deadline](#)

Risk appetite has rebounded, resulting in an increase in base metals positions on Wednesday, said Gao Yin, an analyst at Shuohe Asset Management Co. However, given the temporary nature of the ceasefire, metals markets will struggle to return to the liquidity-driven rally seen at the start of the year, she said.

From a supply perspective, the ability of ships to transit Hormuz — the maritime chokepoint that links the Persian Gulf to global markets — is particularly important for aluminum. The Middle East accounts for roughly a 10th of the world's output of the metal, and shipments have been affected by the near-closure of the strait as well as Iranian strikes on facilities run by Aluminium Bahrain BSC and Emirates Global Aluminium PJSC.

Copper on the LME advanced 2.8% to \$12,655 a ton at 10:50 a.m. in Shanghai, while aluminum rose 0.7% to \$3,499 a ton. Other base metals on the exchange also gained.

Meanwhile, Singapore iron ore futures fell 1.5% to \$105.05 a ton.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,359	R1	12,741	RSI above 50	
S2	12,343	R2	12,868		
S3	12,220	R3	13,172		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is at 50 (65)
- Stochastic is above
- Price is above the daily pivot point USD 12,359
- Technical Outlook Previously: Neutral
- We had a neutral stance yesterday as price was holding above the support zone, meaning we have a potential change in polarity, warning the USD 12,689 resistance could be tested and broken; if it was, then the probability of the futures trading to a new low would begin to decrease. However, above USD 12,492.5 the futures would be divergent with the RSI, warning we could see a momentum slowdown. For upside continuation, we needed to see momentum confirmation, meaning the divergence was going to need to fail. Market buyer's would need to be cautious on a move below USD 12,021, as it would signal an increase in sell side pressure, implying the USD 11,969 Fibonacci support could be tested. Our Elliott wave analysis did suggest that upside moves should in theory be countertrend, providing we remained below the USD 12,689 level.
- The futures held support before gapping higher on the Asian open due to the US - Iran cease fire. We are above 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 12,359 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 12,053 will support a near-term bull argument, below this level price will re-enter bearish territory.
- Technical Outlook: Inflection point
- The upside move on the open above the USD 12,689 resistance means that the probability of the futures trading to a new low has begun to decrease. However, price is now at an inflection point, as we are testing the 200-period MA at USD 12,741. A close and hold above the average will reinforce the resistance break, further supporting a buyer's argument. We note that the 200-period MA holds more weight than the USD 12,689 resistance, meaning markets buyer's should act with caution if the average is rejected, as it would suggests market sellers remain dominant.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,375	R1	3,454.5		
S2	3,326	R2			
S3	3,258	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,482
- Technical outlook Previously: Resistance vulnerable
- We noted yesterday that the tweezers bottom had also created a second positive reversal pattern, warning the USD 3,456.5 fractal high could be tested and broken. However, we maintain a note of caution on upside breakouts above USD 3,456.5, as the RSI had the potential to be divergent with price. If it was, then it would warn that buyside momentum could slow down, which would need to be monitored.
- The futures traded to a high of USD 3,520 before seeing an intraday pullback. We remain above the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,482 with the RSI at or above 60 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,258 will support a bull argument, below this level the futures will have re-entered bearish territory.
- Technical outlook: positive reversal in play
- The RSI moving average implies that momentum is weak; countering this, we have a positive reversal pattern in play, meaning resistance remains vulnerable. However, as highlighted previously, above USD 3,546.5 the futures will be in divergence with the RSI, meaning we continue be cautious on upside breakouts above this level.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,298	R1	3,322.5	RSI above 50	Stochastic overbought
S2	3,240	R2			
S3	3,199	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,298
- Technical outlook Previously: In divergence
- The upside move on the positive reversal pattern yesterday meant that price was in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. If the divergence failed, then the positive momentum confirmation would warn that resistance levels could come under further pressure. Conversely, a throwback that closed and held below the intraday 200-period MA at USD 3,269 would indicate that sell side pressure was on the increase.
- The futures have traded to a high of USD 3,374.5 with price now seeing bids starting to fade. We are above all key moving averages with the RSI above, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,298 with the RSI at or above 67 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 3,143 will support a near-term bull argument, below this level price will re-enter bear territory.
- Technical outlook. In divergence
- The futures continue to trade to new highs; however, the RSI remains in divergence while below its moving average. Not a sell signal, the divergence is warning that we could see a momentum slowdown, meaning we remain cautious on upside moves at this levels.