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(Bloomberg) -- Copper extended its advance, erasing losses brought on by a more than six-week war in the Middle East, as traders eyed the prospect of peace negotiations between the US and Iran.

The industrial metal rose as much as 0.8% in London on Wednesday to push past a closing price of \$13,343.50 a ton on Feb. 27, the day before US and Israel began strikes on Iran.

Most base metals have been whipsawed since the conflict erupted, with prices initially falling due to concerns over the impact of supply chain disruption and slowing economic growth. Risk appetite returned after a temporary ceasefire was agreed last week, and has been reinforced by reports Washington and Tehran are looking to arrange a second round of talks in the coming days, along with signs of Chinese demand.

"Copper's coming back. First the restocking in China, then the inflation concerns dissipated amid the peace talks," said Fan Rui, an analyst with Guoyuan Futures Co. "The worst is over."

Chinese fabricators have stepped up purchases after domestic copper prices fell below 100,000 yuan a ton in recent weeks due to the war, leading to a significant drawdown in domestic inventories.

Despite the near-term economic impact of the energy crisis, the sharp shock could also prove beneficial for the metal's long-term growth as economies pivot toward electrification, Trafigura Group analyst Henry Van said at an industry conference in Santiago.

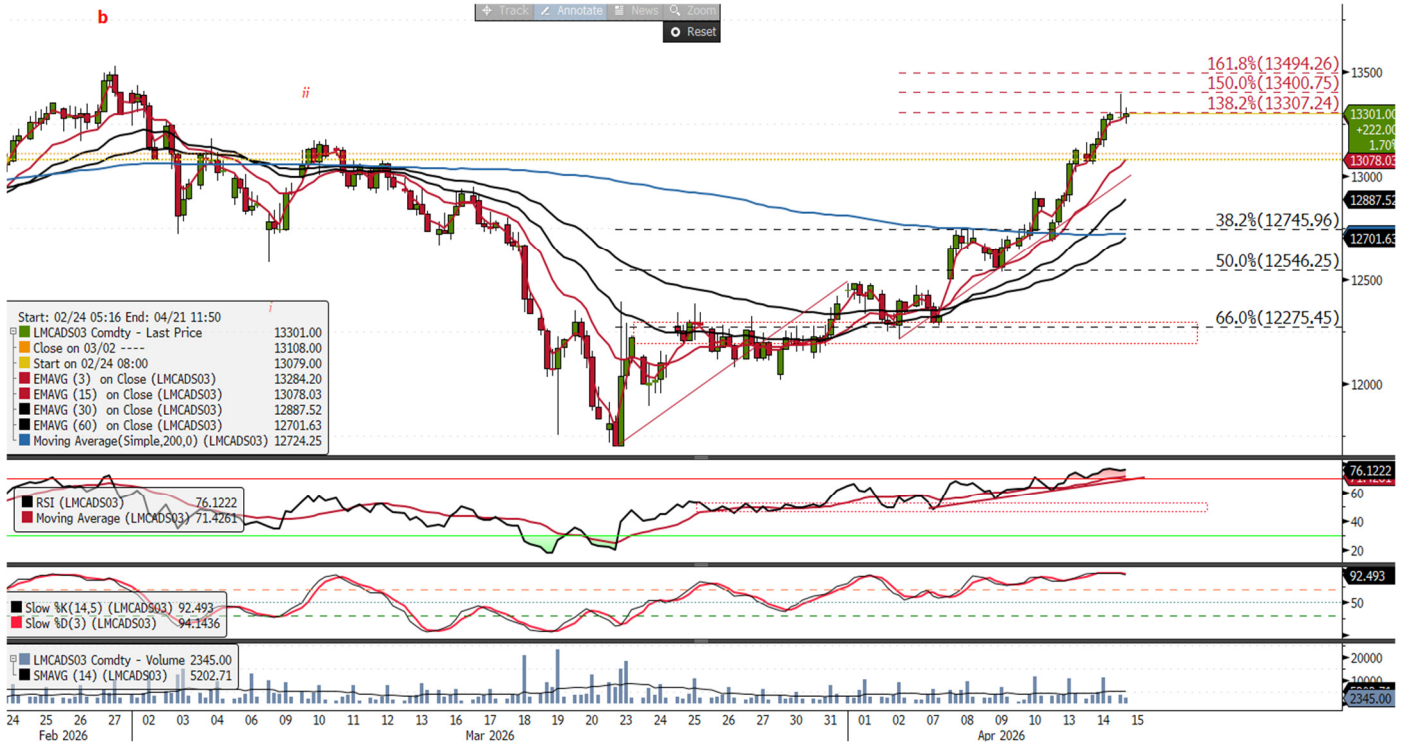
"All of the big trends that have been pushing copper higher are now going to be supercharged," he said. "There is a bigger incentive than ever before to do more electrification and insulate energy consumption from geopolitical shocks."

Copper prices on New York's Comex exchange rose to a premium of \$283 a ton above those on the London Metal Exchange this week, the highest since December.

US President Donald Trump's planned tariffs on copper imports into the country led to a surge in Comex prices last year and enabled traders to make huge profits shipping copper into Comex warehouses in the US. Investors still expected a decision on tariffs for refined copper by the end of June, when the Department of Commerce is set to deliver an update on US copper markets.

Copper was flat at \$13,286 a ton on the London Metal Exchange at 1:05 p.m. in Shanghai. Aluminum – which has been the exception among base metals, given supply concerns due to attacks on smelters in the Persian Gulf region – climbed 0.65% to \$3,586 a ton.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,218	R1	13,307	RSI above 50	Stochastic overbought
S2	12,745	R2	13,400		
S3	12,546	R3	13,494		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (75)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,218
- Technical Outlook Previously: Downside moves considered as countertrend
- We noted yesterday that the divergence failure with the RSI previously signaled momentum confirmation, supporting a buyers argument. WE highlighted that the move above USD 12,689 alongside the RSI high, suggested that downside moves should be considered as countertrend at that point. If the RSI closed below its trend support, or price and momentum became aligned to the sell side, it would leave price vulnerable to an intraday throwback.
- The futures traded at a high of USD 13,392 on the open before bids faded a little. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 12,218 with the RSI at or below 69.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 12,275 will support a bull argument, below this level price will have a neutral bias
- Technical Outlook: Downside moves considered as countertrend
- The futures remain in a bullish trending environment with price and the RSI making news highs, implying downside moves should in theory be countertrend. An intraday gravestone Doji is signaling indecision, alongside selling pressure at higher levels, meaning we are currently cautious on upside moves, unless we see a 4-hour candle close above USD 13,392.5. Conversely, a close below the low of the last dominant bull candle at USD 13,139.5 will signal an increase in sell side pressure.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,544	R1	3,595	RSI above 50	
S2	3,508	R2	3,685		
S3	3,433	R3	3,756		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (57)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,595
- Technical outlook Previously: Cautious on higher moves
- Although the divergence failed previously, we noted yesterday that price was now approaching our near-term upside target at USD 3,685, while a move above USD 3,655 on the 1-hour timeframe that RSI would be divergent. For this reason, we continued to be cautious on upside breakouts. Countering this, lower timeframe Elliott wave analysis implied that intraday downside moves should in theory be considered as countertrend while below USD 3,655, suggesting the futures needed to achieve a new high to complete the lower timeframe cycle. .
- The futures have entered a corrective phase. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,595 with the RSI at or above 67 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,508 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend
- As noted yesterday, the bullish momentum confirmation previously indicates that downside moves should be considered as countertrend, providing we hold above the USD 3,508 support. A move below USD 3,508 will be considered as deep into the last bull wave, reducing the probability of price trading to a new high.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,340	R1	3,361	RSI above 50	
S2	3,265	R2			
S3	3,240	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,340
- Technical outlook Previously: Resistance vulnerable
- Unchanged on the technical yesterday, the futures remained supported due to the positive reversal pattern, while price had held above the 200-period moving average at USD 3,265. The RSI moving average was moving higher, indicating momentum support, implying resistance remained vulnerable. However, as highlighted previously, we will have a note of caution above USD 3,374.5, as price would become divergent with the RSI, warning buyside momentum could slow down.
- The futures remain supported but below the USD 3,374.5 fractal high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,340 with the RSI at or below 56 will mean price and momentum are 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. Resistance vulnerable
- The futures remain supported due to the positive reversal pattern highlighted previously, implying the USD 3,374.5 fractal high could be tested and broken. However, a new high will create a negative divergence with the RSI; not a sell signal, the divergence warns that price is vulnerable to a momentum slowdown. For this reason, we are cautious on upside breakouts in the near-term.