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(Bloomberg) -- Chinese buyers are coming back to the copper market just as a looming decision on tariffs for the refined metal boosts incentives for more shipments to the US, putting prices on course for fresh records.

That's according to analysts from Mercuria Energy Group and BMO Capital Markets speaking at the CRU World Copper Conference in Chile Wednesday.

The bullish sentiment comes even as concerns linger over the impact of the Iran war on demand.

Copper prices have largely recovered losses since conflict broke out in the Middle East. Part of the rebound reflects Chinese buyers stepping in as prices fell back to \$12,000 a ton, said BMO's Helen Amos.

The industrial metal rose 0.5% to \$13,311 a ton on the London Metal Exchange as of 11:40 a.m. Singapore time on Thursday, extending a recovery from an earlier slump triggered by concerns over surging energy costs and weaker global growth.

The renewed buying follows several months of weak underlying demand in China's property and manufacturing sectors, as users ran down inventories during a record rally through January driven largely by shipments to the US ahead of potential tariffs. Deliverable stocks on the Shanghai Futures Exchange have fallen for four consecutive weeks after reaching a record high.

Any escalation of the US-Iran war is likely to heighten oil price volatility and accelerate adoption of EVs, batteries, and grid upgrades across Asia and other regions — all of which are copper-intensive. The resulting pickup in export-driven manufacturing could provide fresh momentum for China's copper demand as buyers return to the market.

China's strong exports including lithium batteries will be a stable driver for domestic economy and metals demand this year, said Wang Zhongkui, chief expert at Beijing Antaika Information Co.

Both the US and China are ramping up efforts to secure supplies for power infrastructure and the build-out of data centers powering artificial intelligence. That's set to drive "intense global competition" for refined copper, or cathode, into at least the third quarter, said Mercuria's chief metals economist Nicholas Snowdon.

"Within the current quarter, it's really a matter of when, not if, we'll see new record copper prices," he said at the conference.

China is undertaking "aggressive" restocking across the value chain, with its cathode market heading for "pretty significant" deficits in the second and third quarters, Snowdon added.

Snowdon's comments come as the copper market is assessing prospects for a further rush to import copper to the US, after front-month 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.

Tariff plans under President Donald Trump spurred a surge in Comex prices last year and encouraged shipments into US warehouses. Investors are now awaiting a decision on tariffs for refined copper by the end of June, when the Commerce Department is due to update its assessment of the market.

The pickup in Comex price difference — albeit still fairly minor — is providing incentive to pull more copper into the US, Snowdon said, adding that US tariffs on the refined metal would mean "extreme tightening overdrive."

Not all participants at the conference were as bullish on near-term Chinese demand. High prices are likely to curb buying this year, according to Zuo Haoen, a researcher at China Minmetals Corp.

"Although I'm very optimistic for long-term copper consumption, for this year we'll have a little pressure," he said.

Analysts at CRU also struck a more cautious tone, saying the demand impact of the Iran conflict is likely to outweigh any supply disruption. Prices may end the year near \$11,000 a ton and remain around that level or slightly higher next year amid modest surpluses, according to analysts Erik Heimlich and Craig Lang.

Still, major copper producer Antofagasta Plc. also noted the recent increase in Chinese demand associated with grid construction, offsetting property sector doldrums.

"The composition is different — more of it used to go significantly to residential and urban development. It's certainly now going much more to clean energy and associated industries, and the grid remains one of the main demand components," said Antofagasta Chief Executive Officer Iván Arriagada.

The current wave of copper stockpiling is being driven by geopolitical tensions and strategic competition, rather than traditional industrial cycles, said BMO's Amos. Global fragmentation — intensified by the Iran conflict — is pushing countries to build inventories, she said.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,297	R1	13,400	RSI above 50	Stochastic overbought
S2	12,941	R2	13,494		
S3	12,802	R3	13,797		

## 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 13,297
- Technical Outlook Previously: Downside moves considered as countertrend
- The futures remained in a bullish trending environment yesterday with price and the RSI making news highs, implying downside moves should in theory be countertrend. An intraday gravestone Doji signaled indecision, alongside selling pressure at higher levels, meaning we were cautious on upside moves unless we saw 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 would signal an increase in sell side pressure.
- The futures remain supported but below the USD 13,392.5 high. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 13,297 with the RSI at or below 72 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 12,673 will support a bull argument, below this level price will have a neutral bias
- Technical Outlook: Downside moves considered as countertrend
- The futures remain supported with lower timeframe Elliott wave analysis indicating that downside moves should be considered as countertrend, making USD 12,613 the key support to follow. Corrections below USD 12,613 will be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high will begin to decrease. Price remains supported but below the high of the gravestone Doji that formed on the open yesterday. A close above USD 13,392.5 on the 4-hour timeframe will signal renewed buyside pressure; conversely, a close below the low of the last dominant bull candle at USD 13,139.5 will signal an increase in intraday sell-side pressure.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,603	R1	3,690	RSI above 50	Stochastic overbought
S2	3,550	R2	3,728		
S3	3,512	R3	3,776		

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (68)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,603
- Technical outlook Previously: Downside moves considered as countertrend
- As noted previously, the bullish momentum confirmation indicated that downside moves should be considered as countertrend, providing we held above the USD 3,508 support. A move below USD 3,508 would be considered as deep into the last bull wave, reducing the probability of price trading to a new high.
- The futures held support with price trading to a new 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 above USD 3,603 with the RSI at or below 62 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,512 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Negative divergence—caution
- The upside move to a new high means price is in divergence with the RSI; not a sell signal, it is a warning that we could see a momentum slowdown, this will need to be monitored. Lower timeframe Elliott wave analysis indicates we have a potential upside target for this phase of the cycle at USD 3,690, while the higher timeframe cycles indicates USD 3,680, suggesting this area could attract selling interest if tested. The divergence implies caution on higher moves at these levels at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,383	R1	3,432	RSI above 50	Stochastic overbought
S2	3,267	R2	3,491		
S3	3,221	R3	3,556		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,383
- Technical outlook Previously: Resistance vulnerable
- The futures remained supported yesterday due to the positive reversal pattern highlighted previously, implying the USD 3,374.5 fractal high could be tested and broken. However, we noted that a new high would create a negative divergence with the RSI; not a sell signal, the divergence warned that price was vulnerable to a momentum slowdown. For this reason, we were cautious on upside breakouts in the near-term.
- The futures have traded to a high of USD 3,424, meaning a new high has been achieved. 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 3,383 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,158 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Negative divergence, cautious bull
- The upside move to a new high means that the futures are in divergence with the RSI; not a sell signal, it is a warning that we could see a momentum slowdown, this needs to be monitored. Intraday Elliott wave analysis suggests that downside moves should be considered as countertrend, making USD 3,158 the key support to follow. Corrections below USD 3,158 will be considered as deep into the last bull wave, warning that the probability of price trading to a new high will begin to decrease. Due to the divergence we have a note of caution on upside moves in the near-term.