

## Metals

(Bloomberg) -- Industrial metals jumped to a record high on the London Metal Exchange, driven by gains in aluminum after the Middle East war disrupted supplies, as well as a recent revival in copper.

An LME Index, which tracks six major metals, has rallied by almost 12% over the past four weeks and was at an all-time peak on the close on Thursday. Aluminum has risen about 15% since the start of the Iran war, with around 9% of global output coming from the Middle East.

Aluminum has the biggest weighting on the LME gauge and, together with copper, the two metals make up almost three-quarters of the index.

JPMorgan Chase & Co. has warned the aluminum industry was heading toward a “black hole” as a serious, prolonged supply deficit is hitting the market after supply losses escalated dramatically in the wake of Iranian strikes directly targeting two key smelters in Abu Dhabi and Bahrain at the end of last month. A double blockade of the Strait of Hormuz — by the US and Iran — is also keeping shipments stranded.

But while the waterway remains closed, hopes that a ceasefire between the US and Iran will be extended and signs the two sides may be moving closer to a peace deal have aided other metals. They were hit by soaring energy costs and fears of slowing global growth due to the war, but have recovered in recent weeks on signs the conflict might be winding down.

President Donald Trump claimed on Thursday, without evidence, that Iran had agreed to terms it has long resisted, including giving up ambitions for a nuclear weapon. Tehran hasn't confirmed it's made concessions.

“Traders are building back positions in base metals and front-running the move, even though the Iran war has yet to be resolved,” said Gao Yin, an analyst at Shuohe Asset Management Co. “They also like to trade on the certainty of aluminum supply disruptions.”

Mercuria Energy Group and BMO Capital Markets forecast this week that copper would surpass a record high hit in January. They cited Chinese buyers coming back to the market and a looming decision on tariffs from the White House that's encouraging more shipments to the US. Copper has rallied 11% in the last four weeks, and is around 3% off its all-time closing price peak.

The LME Metals Index was up 3.6% this week through Thursday. Most metals were down on Friday. Aluminum fell 0.3% to \$3,632.50 a ton as of 11:54 a.m. in Shanghai. Copper dipped 0.3%, while nickel rose 1.8%.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,941	R1	13,266	RSI above 50	Stochastic overbought
S2	12,802	R2	13,400		
S3	12,613	R3	13,494		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (64)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,266
- Technical Outlook Previously: Downside moves considered as countertrend
- The futures remained supported yesterday 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 would be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high would begin to decrease. Price remained 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 would signal renewed buyside pressure; conversely, a close below the low of the last dominant bull candle at USD 13,139.5 would signal an increase in intraday sell-side pressure.
- The futures have seen a small move lower; however, we remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side
- A close on the 4-hour candle above USD 13,266 with the RSI at or above 72.5 will mean price and momentum are aligned to the buyside. 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
- Unchanged on the technical today. 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 would be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high would 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. (Rhetoric unchanged)

# Aluminium Morning Technical (4-hour)



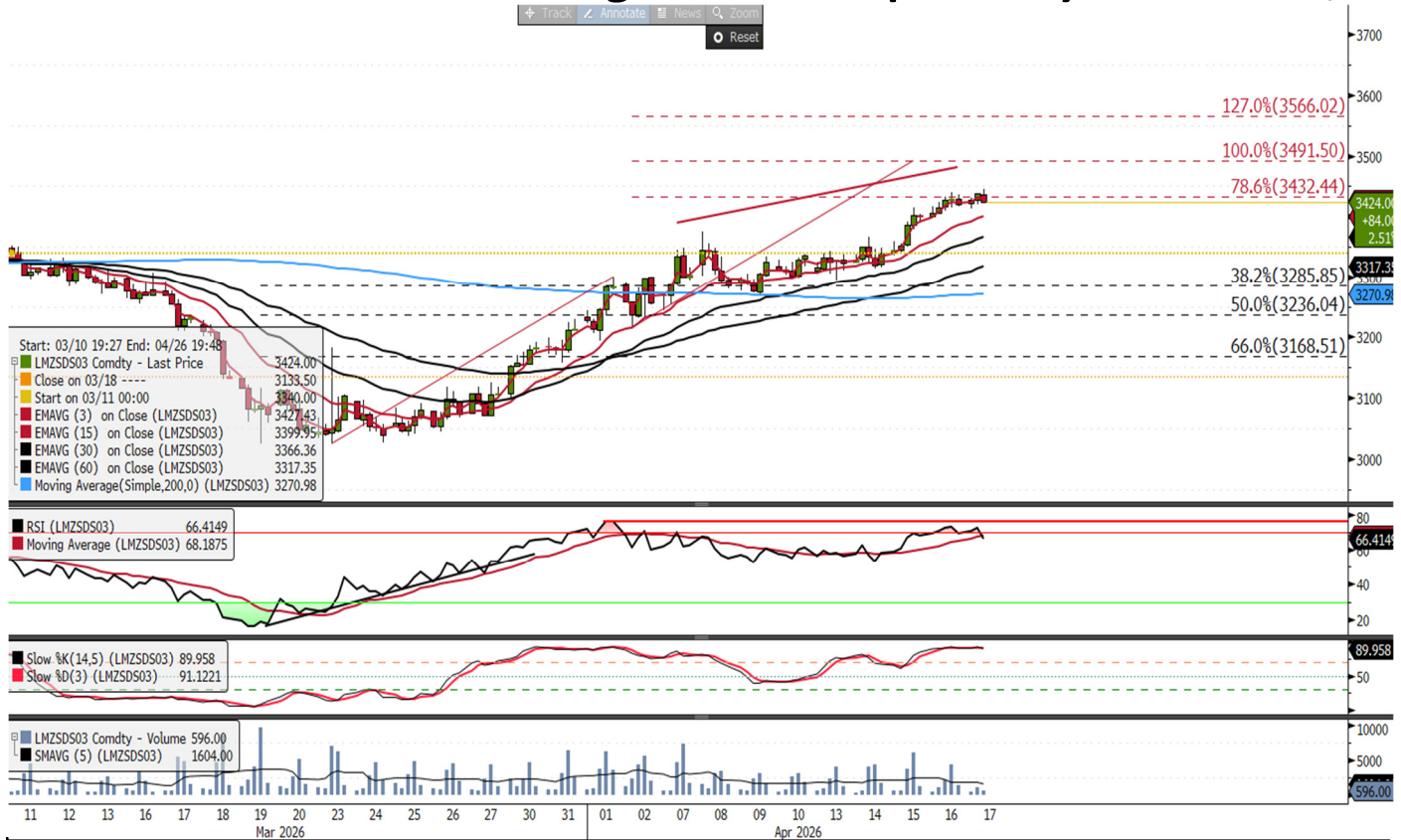
	Support	Resistance	Current Price	Bull	Bear
S1	3,552	R1 3,642	3,635	RSI above 50	Stochastic overbought
S2	3,514	R2 3,690			
S3	3,443	R3 3,728			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,642
- Technical outlook Previously: Negative divergence—caution
- The upside move to a new high yesterday meant that price was in divergence with the RSI; not a sell signal, it warned that we could see a momentum slowdown, this needed to be monitored. Lower timeframe Elliott wave analysis indicates we had a potential upside target for this phase of the cycle at USD 3,690, while the higher timeframe cycles indicated USD 3,680, suggesting this area could attract selling interest if tested. The divergence implied caution on higher moves at those levels at that point.
- The futures remain supported having seen a very small intraday move lower yesterday. We are 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 3,642 with the RSI at or above 64 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,514 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Negative divergence—caution
- We remain cautious on upside moves due to the negative divergence in play. Lower/higher timeframe Elliott wave analysis give us a potential upside target zone between USD 3,680—USD 3,690, warning of potential sell-side resistance at higher levels. Corrections that hold at or above USD 3,514 would warn of underlying support in the market, leaving the Elliott wave cycles open to possible bullish extensions. Conversely. Below USD 3,514 the pullback will be considered as deep into the last bull wave, reducing the probability of a new high being achieved.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,419	R1 3,432	3,424	RSI above 50	Stochastic overbought
S2	3,285	R2 3,491			
S3	3,236	R3 3,556			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,419
- Technical outlook Previously: Negative divergence, cautious bull
- The upside move to a new high yesterday meant that the futures were in divergence with the RSI; not a sell signal, it warned that we could see a momentum slowdown, this needed to be monitored. Intraday Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 3,158 the key support to follow. Corrections below USD 3,158 would be considered as deep into the last bull wave, warning that the probability of price trading to a new high would begin to decrease. Due to the divergence we had a note of caution on upside moves in the near-term.
- The futures have traded to a high of USD 3,445.5, 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 buy side.
- A close on the 4-hour candle below USD 3,419 with the RSI at or below 66 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,168 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Negative divergence, cautious bull
- Technically bullish, Elliott wave analysis continues to suggest that downside moves should be considered as countertrend. We have a small momentum conflict today, as the RSI is divergent having produced a failed swing high, warning price is vulnerable to a technical pullback. However, the same RSI has produced a positive reversal pattern, meaning market sellers will need to see price trade below the USD 3,413 level for the reversal pattern to fail. While above USD 3,413 the USD 3,445.5 fractal high is considered as vulnerable. Corrections that hold above USD 3,168 will support a longer-term bull argument, below this level the probability of the futures trading to a new high will begin to decrease.