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(Bloomberg) -- Copper edged lower as investors weighed the ongoing risks that the Iran war poses to global growth against the outlook for demand in top buyer China.

US President Donald Trump on Wednesday told Axios he will not lift a naval blockade of Iran's ports until he secures a deal with Tehran to address the country's nuclear program, prolonging a standoff that's disrupted energy flows through the Strait of Hormuz. The crucial waterway has been effectively closed for two months with no clear timeline for reopening, clouding the outlook for global growth and inflation.

Traders were also monitoring restocking efforts from Chinese fabricators before the start of the Labor Day holiday on Friday. That's helping to elevate copper prices, said Gao Yin, an analyst with Shouhe Asset Management Co, who added some market participants also see a buying opportunity after the metal fell almost 3% over the previous four sessions.

Still, a sweeping crackdown by Chinese authorities on invoicing could reduce some spot copper trading and slow broader inventory draws in the world's top metal market, according to Xu Wanqiu, an analyst with Cofco Futures Co.

In the longer run, most analysts remain bullish on copper, with prices supported by supply constraints and forecasts of higher demand linked to the electrification of the global economy.

The prospect of metal moving to the US to preempt the risk of tariffs, continued drawdowns of stocks on the futures exchange in Shanghai, and war-related disruptions to supply chain inputs such as sulfur all stand to benefit copper, Pierre-Alix Favillier, head of base metal options at Sucden Financial said in a seminar Wednesday.

"If you look at copper from a fundamental perspective, everything is attractive," Favillier said. The war had weighed on copper by fueling recession fears and creating a less supportive macro backdrop, "but you have to kind of buy dips just because the fundamental story is so good," he added.

Copper slid 0.3% to settle at \$13,004.50 a ton on the London Metal Exchange. Nickel fell 0.9%, easing after a five-day rally following refining cuts in Indonesia, driven by surging sulfur costs. Other main LME base metals closed lower.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,937	R1	13,037	Stochastic oversold	RSI below 50
S2	12,803	R2	13,144		
S3	12,780	R3	13,208		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (38)
- Stochastic is oversold
- Price is above the daily pivot point USD 13,037
- Technical Outlook Previously: Neutral
- We noted yesterday that the futures had produced a three wave pattern lower warning resistance could come under pressure in the near-term. However, it was unclear at that point if the 3-wave was part of a larger correction, or a completion of A, B, C. This brought the USD 13,295 level into focus, upside moves that failed at or below it would suggest a larger correction was in play; conversely, a breach of the USD 13,295 level would reduce the probability of price trading to a new low.
- The futures traded to a high of USD 12,155 before coming back under pressure. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 13,037 with the RSI at or above 43 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. Upside moves that fail at or below USD 13,295 will leave the futures vulnerable to further tests to the downside; conversely, downside moves that hold at or above USD 12,309 will support a longer-term bull argument.
- Technical Outlook: Weak momentum
- The upside move yesterday stalled after the RSI rejected its moving average. This resulted in price selling lower; however, we remain above the USD 12,937.5 fractal low from the 28/04. A new low has the potential to create a positive divergence with the RSI, warning sell side momentum could slow. More importantly, a new low will mean the initial move lower consists of 5-waves, not 3-waves. This would mean that upside moves will be considered as countertrend, as a 5-wave move lower would imply it is still the first leg within a 3-wave correction.

Aluminium Morning Technical (4-hour)



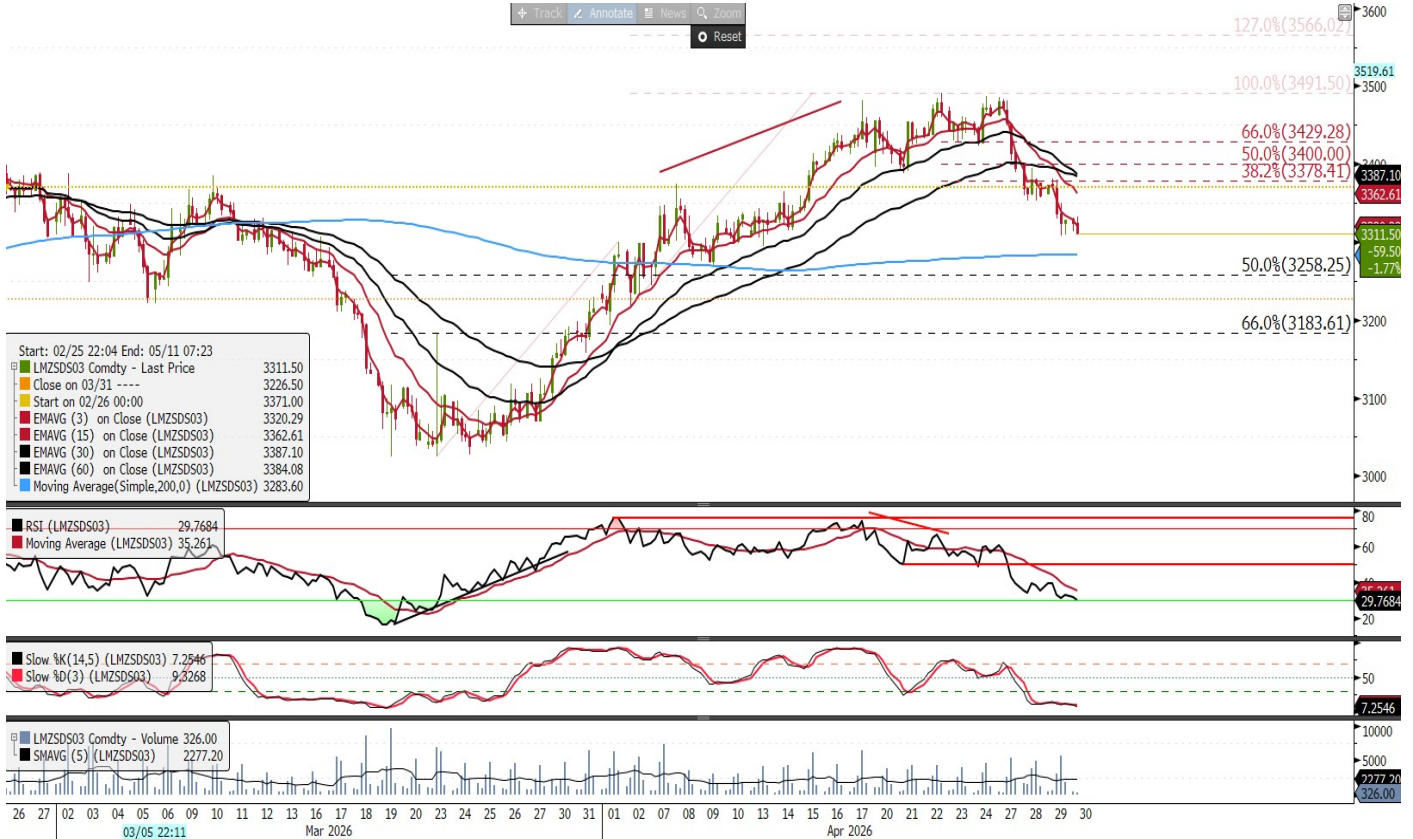
	Support	Resistance	Current Price	Bull	Bear
S1	3,459	R1	3,475	Stochastic oversold	RSI below 50
S2	3,444	R2			
S3	3,435	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,508
- Technical outlook Previously: Momentum weakness
- Caution on upside moves
- The futures continued to sell lower yesterday on the multi-timeframe divergences. Both price and momentum made new lows previously, meaning we had bearish momentum confirmation, suggesting caution on upside moves at that point. We highlight USD 3,629.5 as an area of interest, as it is an intraday double top. Upside moves that closed and held above this level would suggest the corrective move had completed, leaving scope for higher pricing.
- The futures continued to sell to new lows. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,508 with the RSI at or above 42.5 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,304 would warn that there could be a larger, bullish wave cycle coming into play.
- Technical outlook: USD 3,435 fractal low is vulnerable
- The RSI moving averages implies that that momentum remains weak, suggesting the intraday 200-period MA at USD 3,444 and the USD 3,435 fractal low could be tested and broken in the near-term. However, the RSI at 29 is entering oversold territory, while the slow stochastic is divergent with price. This would suggest that downside breakouts could struggle to hold below the 200-period MA. We maintain a cautious approach to upside moves, unless we see a close and hold above the intraday double top at USD 3,629.5 highlighted yesterday.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,283	R1	3,311.5	Stochastic oversold	RSI below 50
S2	3,258	R2			
S3	3,183	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is at oversold
- Price is below the daily pivot point USD 3,339
- Technical outlook Previously: Consolidating
- The intraday technical was bearish yesterday due to the lower high and lower low; however, the broader trend was considered as bullish, making USD 3,183 the key support to follow. Upside moves that failed at or below USD 3,444 would warn of further downside within the corrective phase; conversely, if the USD 3,444 level was breached, then the probability of the futures trading to a new low would begin to decrease. We highlighted the technical outlook as consolidating yesterday, and noted that the volume build in the previous two sessions. We highlighted that we could be looking at a bearish pennant/flag; meaning a downside break had the potential to be sharp. Equally, price could be finding a base before an intraday move higher. We suggested letting the market lead, as intraday price was lacking clarity.
- The futures broke to the downside, resulting in price trading to a low of USD 3,308.5. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,339 with the RSI at or above 37.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,183 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Caution warranted on lower moves.
- The break to the downside has brought the intraday 200-period MA at USD 3,283 into focus, the is supported by the RSI moving average, as it highlights that momentum is weak. Countering this, the 1-hour RSI is divergent, while the 4-hour RSI is below 50, warning sell side momentum could slow down. For this reason, we are now cautious on downside moves at these levels. We identify USD 3,429 as the key resistance to follow, upside moves above this level will reduce the probability of new lows being achieved.