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(Bloomberg) -- Copper steadied near its highest close on record after US President Donald Trump dismissed Iran's proposals for a peace deal and said the ceasefire with Tehran was on "life support".

The US leader's latest comments underscore the deadlock in the Middle East conflict that's in its 10th week and threatened widespread economic disruption. Still, metals have posted strong gains in the past month and the decline comes after a big advance on Monday.

Copper was little changed at \$13,938 a ton by 11:47 a.m. Shanghai time, after earlier losing as much as 0.8%. The metal rose 2.7% on Monday. Aluminum was down 0.7% and zinc — which closed at a three-year high — was steady.

[Read More: Trump Says Ceasefire With Iran Is on 'Massive Life Support'](#)

Metals have largely shrugged off deepening uncertainty about the impasse in the Strait of Hormuz, where blockades imposed by Iran and the US have cut off oil and gas flows and driven up global energy costs. Strong demand from China has helped, and analysts from Citigroup Inc. to Jefferies have argued copper will prove relatively resilient.

"The extent of Chinese willingness to absorb higher prices remains a key question with recent data indicating strong fundamental demand," RBC Capital Markets analyst Sam Crittenden said in an emailed note.

Monday's rallies across copper and zinc, as well as silver, were partly driven by a sudden flurry of speculation about fuel availability in Peru, a major mining hub. The government in Lima has announced a \$2 billion package to shore up state-owned refinery PetroPeru, but there was widespread discussion in China about the threat to miners that depend on diesel supplies.

[Read More: Peru Authorizes \\$2 Billion New Emergency Loan for Petroperu](#)

The PetroPeru news "is just a financial arrangement and has not had any effect on mines," said Zijie Wu, an analyst at Jinrui Futures Co. "Peru's issue is not that they cannot get oil but they don't have money to buy oil, so as the Middle East crisis develops, it can still cause some supply-side concerns."

Peru is a major producer of silver, and spot prices for the precious metal climbed 7% on Monday to close at \$86.057 an ounce.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,809	R1	14,075	RSI above 50	Stochastic overbought
S2	13,514	R2	14,179		
S3	13,374	R3	14,527		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (76)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,809
- Technical Outlook Previously: Lower timeframe divergence
- Technically bullish yesterday with Fibonacci projection levels suggesting that we have a potential upside target at USD 13,880 for this phase of the cycle. However, the new high meant that the 1-hour RSI is divergent with price, warning we were becoming vulnerable to a momentum slowdown. Throwbacks that held at or above USD 13,072 would support a bull argument; conversely, a breach in the USD 13,072 support would reduce the probability of new highs being achieved.
- The futures remained supported throughout the session resulting in our potential upside target at USD 13,880 being 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 13,809 with the RSI at or below 66.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 13,184 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Downside moves considered as countertrend
- The RSI moving average implies that momentum remains support, we have started to flatten above 70 indicating positive velocity with stable acceleration. The 1 hour RSI divergence has failed while the 4-hour RSI has achieved new highs; the bullish momentum confirmation suggests that downside moves should be considered as countertrend, providing we hold above the USD 13,184 level. A breach in the USD 13,184 support would warn that the probability of the futures trading to a new high start to decrease.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,553	R1	3,567	RSI above 50	Stochastic overbought
S2	3,470	R2	3,591		
S3	3,459	R3	3,621		

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,553
- Technical outlook Previously: Buyside momentum pressure increasing
- The RSI had broken resistance while price and momentum were aligned to the buyside yesterday, implying buyside momentum was on the increase. However, we noted that there was an descending triangle pattern forming; the falling trend resistance line had bearish implications. While in the triangle, price action was considered as neutral, while a close and hold outside of the pattern would signal near-term directional bias. The increase in buyside momentum pressure warned that trend resistance at USD 3,573 could be tested in the near-term. However, for upside continuation, price would need to close and hold above the resistance line.
- The futures have moved higher on the increasing momentum pressure. 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 3,553 with the RSI at or below 48.5 would mean price and momentum are aligned to the sell side. 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: inflection point
- The futures reached a high of USD 3,584.5, but the move above the trend resistance line failed to hold, meaning price remains within the descending triangle for now. Price is currently sitting on the resistance line, while RSI resistance also continues to hold. As noted yesterday, directional bias will come from a confirmed close and hold outside of the pattern. If the breakout occurs to the upside, the RSI will also need to break above resistance to support further upside continuation. Until then, while price remains inside the triangle, the outlook is considered neutral.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,478.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,457
- Technical outlook Previously: Positive reversal pattern in play
- We noted yesterday that the futures had produced a 5-wave pattern higher that had been followed by a corrective phase, making USD 3,353 the key support to follow. Throwbacks that held at or above this level would warn that there was further upside within this move; conversely, caution was warranted if support was broken, as the probability of price achieving new highs would begin to decrease. Although price was correcting, we had highlighted a positive reversal pattern in play. This was not a buy signal, but suggests caution on downside moves while price was above the USD 3,382 fractal support.
- The futures moved higher on the positive reversal pattern. 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 3,457 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,360 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Caution above USD 3,491
- The futures remain in a bullish trending environment indicating the USD 3,491.5 fractal high could be tested and broken, if it is, then we have the potential to trade as high as USD 3,596 within this phase of the cycle. However, we have a note of caution on upside breakouts above USD 3,491.5, as lower timeframe momentum indicators have the potential to be divergent. If they are, it will warn that buyside momentum could slow down; conversely, if momentum makes a new high alongside price, resistance will become increasingly vulnerable.