

Cu

(Bloomberg) -- Copper extended gains above \$14,000 a ton, inching toward a record high seen earlier this year, as supply risks mount on mine disruptions around the world.

The red metal rallied for an eighth session to touch \$14,196.50 a ton on the London Metal Exchange, close to an all-time high of \$14,527.50 in January.

A squeeze on Middle Eastern supplies of sulfur has threatened the production outlook for some mines in Africa, compounding existing disruptions at other major sites across the world.

However, copper demand is resilient mostly thanks to the world's biggest user China, which has seen robust consumption from power grids, renewable energy and artificial intelligence sectors.

The slew of supply issues combined with solid demand is leading industrial metals to recover notably as worries over the Iran war ease, according to Li Xuezhi, head of research at Chaos Ternary Futures Co.

Copper futures on New York's Comex jumped to a record of \$6.69 a pound, widening their premium to LME copper above \$500 a ton in anticipation of the US imposing tariffs on refined metal imports. The potential duties have the effect of luring refined copper into the US and draining supplies elsewhere.

The US Commerce Secretary is due to deliver an updated report on the domestic copper market by June 30, part of a broader push to bolster supplies of a metal critical to growing electrification around the world.

Meanwhile in China, worsening raw material shortages at mines have started to affect refined metal output.

Refined copper output stood at 1.05 million tons in April, down 3% from March, after concentrate treatment charges plunged further and invoicing restrictions tightened supply of scrap as feedstock, according to Beijing Antaike Information Co. Production may drop further in May due to maintenance at smelters, it added.

Copper rose 0.5% to \$14,099 a ton as of 11:06 a.m. in Shanghai. Other base metals were also higher, with aluminum up 0.3% to \$3,574 a ton and tin climbing 0.5% to \$55,070.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,986	R1	14,179	RSI above 50	Stochastic overbought
S2	13,655	R2	14,527		
S3	13,488	R3	15,040		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (79)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,986
- Technical Outlook Previously: Downside moves considered as countertrend
- The RSI moving average implied that momentum remained supported yesterday, we noted that the RSI had started to flatten above 70 indicating positive velocity with stable acceleration. The 1 hour RSI divergence had failed while the 4-hour RSI had achieved new highs; the bullish momentum confirmation suggested that downside moves should be considered as countertrend, providing we held 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.
- The futures continue to move higher with price trading up to USD 14,196 on the open. 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 13,986 with the RSI at or below 72.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 13,261 will support a bull argument, below this level will the technical will have a neutral bias.
- Technical Outlook: Downside moves considered as countertrend
- The futures continue to move higher with the 4-hour RSI testing resistance at 79, while lower timeframe momentum indicators are divergent, warning intraday price action is becoming vulnerable to a corrective move lower. Saying that, we have at least two bullish Elliott wave cycles in play that suggest that downside moves should be considered as countertrend. From a broader trend perspective our wave analysis indicate that the USD 14,527.5 fractal high should in theory be tested and broken, as our higher timeframe wave 3 is currently shorter than wave 1 (this can happen, it is fairly rare, as it will cap the upside on the larger cycle, as the 5 would then have to be shorter than the 3). Bullish, with the RSI at resistance and the 1-hour timeframe divergent, this market is showing signs that it might need to move lower in the near-term.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,560	R1	3,621	RSI above 50	Stochastic overbought
S2	3,473	R2	3,672		
S3	3,459	R3	3,735		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,561
- Technical outlook Previously: inflection point
- We noted yesterday that the futures reached a high of USD 3,584.5 previously, but the move above the trend resistance line had failed to hold, meaning price remained within the descending triangle. We were sitting on the resistance line, while RSI resistance also continued to hold. We noted that directional bias would come from a confirmed close and hold outside of the pattern. If the breakout occurred to the upside, the RSI would also need to break above resistance, as this would support further upside continuation. Until then, while price remained inside the triangle, the outlook was considered neutral.
- The futures are in the process of breaking to the upside, as is the RSI. 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 3,561 with the RSI at or below 56 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: Buyside pressure increasing.
- The upside breakout has momentum support, warning resistance levels are now vulnerable. However, market buyers should be cautious on a close and hold below 3,560 as it will put price back in the symmetrical triangle.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,510	R1	3,591	RSI above 50	Stochastic overbought
S2	3,460	R2	3,670		
S3	3,429	R3	3,770		

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: Caution above USD 3,510
- The futures remained in a bullish trending environment yesterday indicating the USD 3,491.5 fractal high could be tested and broken, if it was, then we have the potential to trade as high as USD 3,596 within this phase of the cycle. However, we had a note of caution on upside breakouts above USD 3,491.5, as lower timeframe momentum indicators had the potential to be divergent. If they were, it would warn that buy-side momentum could slow down; conversely, if momentum made a new high alongside price, resistance would become increasingly vulnerable.
- The futures continue to move higher with price above the USD 3,491.5 fractal resistance, lower timeframe momentum has also made new highs. 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 3,510 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,387 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Bullish momentum confirmation
- The upside move has resulted on the lower timeframe diverges failing, as the RSI/ROC indicators are making new highs, as is the 4-hour RSI. This implies bullish positive velocity and positive acceleration, meaning we have bullish momentum confirmations, suggesting downside moves have a greater chance of being countertrend, providing they hold at or above the USD 3,387 support. The momentum confirmation means the USD 3,591 upside target is becoming increasingly achievable.