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(Bloomberg) -- Copper extended its retreat from a record-high close as accelerating US inflation reduced the chance of rate cuts and a stronger dollar make the metal more expensive for many buyers.

The industrial metal is down around 3% from the close of Wednesday. That followed an eight day run of gains that had been driven by mine disruptions and a rally in technology stocks, that had fueled optimism that the artificial intelligence boom would spur demand for copper, which is used in wiring and renewable energy.

A Bloomberg gauge of the dollar jumped 1% this week, while wholesale and consumer inflation readings in the US surged to multiyear highs. The continued effective closure of the Strait of Hormuz is pushing up energy prices, resulting in more hawkish monetary policy around the world.

Metals fell due to the stronger dollar and higher US Treasury yields pointing to fading expectations for rate cuts, said Gao Yin, an analyst at Shuohe Asset Management Co. Copper may fluctuate this quarter without any notable tightening in supply and demand balances, she said.

In China, the world's biggest metals consumer, copper prices that are near record highs have started to deter demand, with fabricators seeing orders weaken this month.

Copper fell 1.2% to \$13,765 a ton on the London Metal Exchange as of 10:47 a.m. in Shanghai, paring its gain this week to about 1.5%. Zinc declined 0.8% to \$3,556.50, after spiking to the biggest since 2022 on Thursday as a major smelter in Peru suspended operations due to a fire.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,655	R1	13,986	13,738.5	RSI below 50
S2	13,488	R2	14,024		
S3	13,261	R3	14,179		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 13,986
- Technical Outlook Previously: Downside moves considered as countertrend
- Unchanged on the technical yesterday. Price was in a corrective phase due to the lower timeframe negative divergence. However, as highlighted previously, our Elliott wave analysis suggested that downside moves should be considered as countertrend. We also noted that the RSI was making new lows ahead of price, meaning we had a positive reversal pattern in play. Resistance remained vulnerable.
- The futures have continued to sell lower with price between the EMA support band, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,986 with the RSI at or above 68 will mean price and momentum are aligned to the buy 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 move below USD 13,833 means the positive reversal pattern has failed, signaling bearish momentum confirmation as price and the RSI have made new lows, this is supported by the RSI moving average which is sloping lower. Countering the bearish argument is our Elliott wave cycle that implies that downside moves should be considered as countertrend, providing we hold above the USD 13,261 level. We also highlight a potential A, B, C corrective pattern lower, meaning we continue to be cautious on downside moves at this point. Market longs should be cautious on throwbacks below USD 13,261, as it will reduce the probability of price achieving new highs; conversely, upside moves that fail at or below 14,024 will warn that the correction is becoming a more complex W, X, Y correction.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,599	R1 3,653	3,617	RSI above 50	Stochastic overbought
S2	3,571	R2 3,672			
S3	3,533	R3 3,690			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,653
- Technical outlook Previously: Downside moves considered as countertrend.
- The futures had seen a small correction that was highlighted by the two rejection candles; however, the pullback remained shallow at that point. Elliott wave analysis suggested that downside moves should be considered as countertrend, the momentum confirmation from the RSI high supported this. Upside moves from here would signal a lower timeframe Elliott wave extension.
- The rejection candle held yesterday resulting in price selling lower. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,653 with the RSI at or above 66.5 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,533 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend.
- We have seen a swing high failure with both RSI and price, suggesting sell side pressure is increasing. The RSI is testing its trend support line, a close and hold below this level would further signal an increase in selling pressure. Countering the increase in sell side pressures is the 3-wave pattern lower that looks to be part of a countertrend move within an A,B,C Elliott wave correction, meaning we maintain a cautious approach on lower moves while above the USD 3,533 Fibonacci support. Below USD 3,533 the depth of the pullback would suggest that the probability of price achieving new highs would start to decrease. Although sell side pressure is on the increase, the move lower looks to be a bullish throwback. We highlight USD 3,597 level as an area of interest, as throwbacks that find support at the previous resistance will signal a change in polarity.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,504	R1 3,586	3,527	RSI above 50	Stochastic overbought
S2	3,465	R2 3,633.5			
S3	3,411	R3 3,670			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,586
- Technical outlook Previously: Downside moves considered as countertrend.
- The futures had moved higher on the bullish momentum confirmation with the RSI continuing to trade at new highs. Volume remained elevated on higher moves while our Elliott wave analysis continued to suggest downside moves should be considered as countertrend, providing throwbacks held above USD 3,404. Below USD 3,404 the probability of the futures trading to a new high will begin to decrease.
- The futures traded top a high of USD 3.633.5 before entering a corrective phase. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,586 with the RSI at or above 70 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,411 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Downside moves considered as countertrend
- Price is now in a corrective phase with Elliott wave analysis suggesting downside moves should be considered as countertrend, providing we hold above the USD 3,411 Fibonacci support. Below USD 3,411 the probability of the futures trading to a new high will start to decrease. Based on our wave analysis, caution is warranted on downside moves, as technically we remain vulnerable to another move higher.