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(Bloomberg) -- Copper fell as investors continued to fret about the global economy's prospects, offering a lukewarm response to US President Donald Trump's hints at progress toward a peace deal with Iran.

Trump said he'd paused plans for fresh military strikes on Iran to allow for more negotiations with Tehran, a move he said was a response to appeals from Persian Gulf allies. After an initial bounce, copper futures retreated with equities in Asia, as any resolution of the Iran crisis remained highly uncertain.

Copper struck a record closing price on Wednesday last week, fueled by optimism that the metal's exposure to technologies for artificial intelligence and clean energy could insulate it from economic shocks. But it's since become tangled with fears of a protracted closure of the Strait of Hormuz, a scenario in which rampant inflation spurs central banks to raise rates.

"The outlook is very binary — either the global economy hits the wall, or it doesn't," Guy Wolf, global head of market analytics at Marex, wrote in an emailed note about copper. "In the former scenario, commodity prices will collapse."

Copper fell as much as 0.6% to touch \$13,507 a ton and traded at \$13,519 by 10:53 a.m. Shanghai time. Aluminum, zinc and nickel also declined.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,488	R1	13,700	Stochastic oversold	RSI below 50
S2	13,261	R2	13,923		
S3	13,083	R3	14,196.5		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 13,535
- Technical Outlook Previously: Downside moves considered as countertrend
- Price remained in a corrective phase yesterday in what looked like a corrective A, B, C pattern; our Elliott wave analysis continued to imply that downside moves should be considered as countertrend while we were above the USD 13,261 support. Below USD 13,261 would warn that the probability of the futures achieving new highs had started to decrease. We had a bullish intraday support candle form on the Asian open yesterday, but it was on low volume; going into the close on Friday we had a high volume bearish candle. The support candle warned that if we closed above the high of Friday's bear candle at USD 13,655 it would signal that buy-side pressure is on the increase, leaving the USD 13,923 resistance vulnerable. This was a key level on the technical, if rejected it would indicate a more complex corrective phase, probably in the form of an X, Y, Z pattern (double 3). We also noted that the RSI was holding above the 36 level, this was a point of interest as it was the base before the previous bull move higher. If the RSI closed and held below the 36 level, it will leave the USD 13,261 support exposed.
- The futures are supported but not seeing bullish price action. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 13,535 with the RSI at or above 44.5 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 futures remain in a corrective phase with our Elliott wave analysis suggesting downside moves should be considered as countertrend, providing we hold at or above the USD 13,261 support. Below USD 13,261 the pullback will be considered as deep, meaning the probability of the futures trading to a new high will start to decrease. A close above USD 13,655 will signal an increase in buy-side pressure, as this is the high of a high volume bear candle; conversely, if the RSI closes and holds below the 36 level, then the negative velocity and negative acceleration would suggest that the USD 13,261 support could come under pressure.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,533	R1	3,574.5	Stochastic oversold	RSI below 50
S2	3,504	R2			
S3	3,453	R3			

### Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,565
- Technical outlook Previously: Downside moves considered as countertrend.
- The futures were holding above the USD 3,533 support yesterday, meaning our analysis continued to suggest that this looked to be a bullish throwback, rather than a bearish move. However, if the USD 3,533 support was breached, then the probability of price achieving new highs would begin to decrease. The RSI moving average implied momentum is weak, but while above USD 3,533 our wave analysis suggested caution on lower moves.
- Like copper, price is supported but not moving higher. We are between the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 3,565 with the RSI at or above 51 will mean price and momentum are aligned to the buy side.
- Technical outlook: Downside moves considered as countertrend.
- Unchanged on the technical this morning, the futures are holding above the USD 3,533 support, meaning our analysis continues to suggest that this looks to be a bullish throwback, rather than a bearish move. However, if the USD 3,533 support is breached, then the probability of price achieving new highs will begin to decrease. The RSI moving average implies momentum is weak, but while above USD 3,533 our wave analysis suggests caution on lower moves. (Rhetoric unchanged)

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,504	R1 3,548	3,528	RSI above 50	
S2	3,465	R2 3,586			
S3	3,411	R3 3,633			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,524
- Technical outlook Previously: Pressure point
- Price was 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. We noted that we had entered a pressure point situation between converging support and resistance line (USD 3,520—USD 3,531), meaning near-term directional bias would come from a close and hold outside of the converging lines.
- The futures closed above the resistance line but the move failed to hold, resulting in price closing below the support line. However, we are not seeing downside follow through at this point. Price is above the EMA support band with the RSI near neutral at 51, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 3,524 with the RSI at or above 56 will mean price and momentum are aligned to the buy-side. 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
- Elliot remains 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. The futures have effectively moved sideways, resulting in both resistance and support lines being breached. A close back above the resistance line at USD 3,540 (previous support) will signal an increase in buy-side pressure, warning resistance levels could be tested. Conversely, failure to reclaim the support line would suggest continued downside pressure. Price is considered as bullish above USD 3,411 and neutral below.