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(Bloomberg) -- Copper declined as expectations for a US rate hike and risks around artificial intelligence stocks reduced appetite for industrial metals.

The red metal had rebounded in the previous session after Iran and Israel agreed to halt strikes against each other, which had threatened to derail negotiations to end the wider regional conflict. The Iran war, now in its fourth month, has driven up inflation and raised the prospect of higher interest rates that could slow global growth and metals demand.

Some bulls are exiting base metals due to uncertainty around rate hikes, said Zhenting Zhou, a trader with Hangzhou Chenglian Industrial Co. Risks around AI stocks are also deterring investors, he added.

Shares of AI companies have been linked to metals trading in recent months, led by copper and tin due to their use in electrical wires and other equipment. A three-day selloff in tech stocks highlighted risks to the base metals complex, though the pressure abated on Tuesday.

Still, aggregate open interest for copper on the Shanghai Futures Exchange fell to the lowest since September, according to bourse data.

The decline came in spite of a surge in Chinese exports last month, up more than 19% from a year earlier, topping forecasts as booming demand for AI hardware offset disruptions from the war in Iran.

For the long term, sustained strong demand for the industrial metal means prices will rise to an average of \$8 a pound (\$17,636 a ton) in 2030 and 2031, according to Jefferies analysts, who adopted a previous bullish scenario as their new base case.

Copper was down 0.4% at 13,565 on the London Metal Exchange as of 12:125 p.m. in Shanghai. Other base metals also declined, with tin slipping 1.1% to \$51,720 a ton.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,464	R1	13,698	Stochastic oversold	RSI below 50
S2	13,394	R2	13,750		
S3	13,259	R3	14,767		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 13,592
- Technical Outlook Previously: Caution on upside moves
- The break to the downside yesterday meant that either the bullish impulse wave cycle had failed, or the upside move was part of a larger corrective cycle. The corrective move lower meant that our analysis was back where we were on the 01/05/26, with the wave structure looking corrective rather than bull impulse. We left the wave count on the chart to illustrate how the wave overlap looked to be part of a wave extension that was forming (this was then supported by a change in polarity); however, we can now see that it looks to be a double 3-wave higher that broke key resistance. The RSI moving average implied that momentum was weak, while the bearish RSI momentum confirmation suggested that upside moves looked like they could be countertrend, implying support levels continued to be vulnerable.
- The futures traded up to but remain below the Fibonacci resistance zone. We are below the EMA support 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 13,592 with the RSI at or above 45 will mean price and momentum are aligned to the buyside. Upside moves that hold at or above the USD 13,859 level will leave the futures vulnerable to further tests to the downside.
- Technical Outlook: Caution on upside moves
- The futures moved higher on light bid support yesterday; however, the heaviest volume candle was the rejection of the USD 13,698 resistance, signaling sell side resistance. As highlighted previously, the failure to trade to new highs has resulted in price making lower lows and lower highs, implying the move higher was part of a larger corrective phase. RSI velocity is negative but acceleration is positive, warning the polarity resistance around USD 13,750 could come under pressure in the near-term. A close and hold above the USD 13,750 area would indicate buy-side pressure was on the increase, meaning the USD 13,859 level could be tested. We continue to maintain a cautious approach to higher moves while below the USD 13,859 resistance, as the footprint looks more corrective than motive.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,593	R1	3,600.5	Stochastic oversold	RSI below 50	
S2	3,582	R2				3,682
S3	3,543	R3				3,716

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is above/on the daily pivot point USD 3,599
- Technical outlook Previously: Inflection point
- The downside moves below fractal support yesterday meant that intraday price was bearish. However, the broader weekly trend was bullish, while price was holding the intraday 200-period MA at USD 3,590, meaning we are at an inflection point. A close and hold below the 200-MA would leave price vulnerable to further tests to the downside; conversely, we were cautious on downside moves in the near-term while holding above the longer-term intraday MA.
- Sideways action yesterday, we are below the EMA resistance 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 3,599 with the RSI at or above 37 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,716 will leave the futures vulnerable to further tests to the downside, above this level the probability of the futures trading to a new low will begin to decrease.
- Technical outlook: Inflection point
- Unchanged on the technical this morning, the futures are trading on, but remain above the intraday 200-period MA at USD 3,593. Near-term intraday/daily price action is bearish due to price making a lower low; however, the broader weekly trend is bullish above USD 3,451.5. A close and hold below the 200-MA would leave price vulnerable to further tests to the downside; conversely, we were cautious on downside moves in the near-term while holding above the longer-term intraday MA. Momentum and price made new low on the 05/06, suggesting upside moves could struggle to hold at this point; however, a minor positive divergence yesterday does warn that the next intraday move could be to the upside, providing we hold the 200-period MA.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	35,32	R1	3,568	3,547	Stochastic oversold RSI below 50
S2	3,477	R2	3,608		
S3	3,420	R3	3,658		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,532
- Technical outlook Previously: Bearish momentum confirmation
- Both price and the RSI had made new lows yesterday, signaling bearish momentum confirmation, warning upside moves had the potential to be countertrend while below the USD 3,608 resistance. Above USD 3,608 the probability of price trading to a new low would start to decrease. The Move below USD 3,542 suggested that we had entered a high timeframe corrective phase; the broader trend is bullish, but corrective, with key longer-term support at USD 3,420.
- Supported yesterday, price is moving higher on the open this morning. We remain below the EMA support band with the RSI below 50; intraday price and momentum are aligned to the sell side, as price was below the daily pivot point ,while the RSI was below its average on the previous candle close.
- A close on the 4-hour candle above USD 3,532 with the RSI at or above 45 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,420 will support a longer-term bull argument, below this level the higher timeframe Elliott wave cycle will have a neutral bias.
- Technical outlook: Caution on upside moves
- Price is finding bid support warning resistance levels could come under pressure in the near-term. However, as noted previously, the move below USD 3,542 suggests we have entered a higher timeframe Elliott wave corrective phase, while the bearish momentum confirmation warns upside moves could struggle to hold. For this reason, we maintain a cautious approach to higher moves while below the USD 3,608 resistance.