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(Bloomberg) -- Copper slipped as traders awaited fresh peace talks between the US and Iran and the outlook for US monetary policy as the Federal Reserve takes a hawkish stance on inflation.

Prices fell 0.6% to \$13,278.50 a metric ton in London. US President Donald Trump said peace talks with Iran are set to resume on Tuesday in Doha, after both sides agreed to halt a series of tit-for-tat attacks over the Strait of Hormuz.

Copper is down 2.6% this month, after posting a record close in May. In addition to the Middle East conflict, traders are tracking the outlook for US monetary policy, after Fed policymakers signaled growing support for interest-rate hikes in the coming months to combat sticky US inflation. That stance tends to aid the dollar, posing a headwind for raw materials.

Fed Bank of Richmond President Tom Barkin warned on Sunday that inflation was too high, although he did see tentative signs that price pressures may moderate soon. A report last week showed the personal consumption expenditures index rose 4.1% in the year through May, the most since April 2023.

A strong dollar will remain in place amid resilient US economic data, pressuring base metals, said Harry Jiang, a trader at China-Base Ningbo Group Co.

Elsewhere, Goldman Sachs Group Inc. said it saw the Iran conflict ultimately aiding metals demand. An increased reliance on electric vehicles, further investments in renewable power, higher defense spending and growing competition to win the artificial-intelligence race are themes that would support copper demand, analysts including Samantha Dart said in a note.

The bank recently raised its end-2026 and average 2027 copper forecasts to \$13,735 a ton and \$13,800 a ton, respectively.

All other industrial metals except zinc were lower, with aluminum down 2.9% and nickel falling 2.3%.

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------|---------------------------------------|
| S1 | 13,327 | R1 | 13,440 | 13,392 | RSI above 50 Stochastic overbought |
| S2 | 13,275 | R2 | 13,585 | | |
| S3 | 13,145 | R3 | 13,699 | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,327
- Technical Outlook Previously: Upside moves considered as countertrend.
- The RSI had reclaimed 40 yesterday, implying near-term momentum support; however, our Elliott wave analysis suggested that upside moves should in theory be countertrend, we also highlighted that the negative reversal pattern remained in play below USD 13,482. A neutral RSI did have a rising moving average, this also implies light momentum support; this was countered by price producing a three-wave pattern to the upside, which, in Elliott Wave theory, was typically associated with a corrective (countertrend) move. From a technical perspective, momentum was supported, meaning resistance remained vulnerable in the near-term, but the broader trend was still considered as bearish below USD 13,585, and neutral above.
- The futures remain supported with price between the EMA resistance band, the RSI is near-neutral at 51 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 13,327 with the RSI at or below 45 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 13,585 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical Outlook: Upside moves considered as countertrend.
- The RSI continues to imply that we have light momentum support; however, this continues to be countered by our Elliott wave analysis that suggests that upside moves should be considered as countertrend. We also highlight that there is a negative reversal pattern in play while below the USD 13,482, meaning we maintain a cautious approach to higher moves at this point. Above USD 13,482 would imply that buyside pressure is increasing, this would leave Fibonacci resistance levels vulnerable. USD 13,585 remains the key resistance on the technical, a rejection at or below this level would warn that there should in theory be further downside within the corrective throwback. Conversely, market sellers should act with caution above USD 13,585, as the probability of price trading to a new low would start to decrease.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 3,060 | R1 | 3,126 | Stochastic oversold | RSI below 50 |
| S2 | 2,974 | R2 | 3,207.5 | | |
| S3 | 2,888 | R3 | 3,266 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,126
- Technical outlook Previously: Upside moves considered as countertrend
- Unchanged on the technical yesterday, our Elliott wave analysis continued to suggest that upside moves should be considered as countertrend, providing we remained below the USD 3,318 resistance. We continued to see light bid support on lower volume, implying the upside move lacked intensity; we also noted that the negative reversal pattern remained in play. We continued to be cautious on higher moves; however, above USD 3,275 would mean that the negative reversal pattern had failed, this would indicate that buy-side momentum could be intensifying.
- The futures have sold to a new low in line with the wave cycle. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,126 with the RSI at or above 38.5 would mean price and momentum are aligned to the buy-side. Upside moves that fail at or below USD 3,548 would warn that there could be a larger corrective Elliott wave cycle in play.
- Technical outlook: Caution on downside moves
- The new low has created a positive divergence with the RSI, warning sell side momentum could slow down, this is a condition and needs to see positive price action to confirm that the divergence is being respected. Upside moves above USD 3,207.5 would be above fractal resistance, signaling buy-side pressure is on the increase, warning resistance levels could come under pressure. We are now cautious on lower moves, due to the divergence; we identify USD 3,548 as the key longer-term resistance, as higher moves that fail to breach this level would signal a more complex corrective phase.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear | |
|----|---------|------------|---------------|--------------|-----------------------|---------|
| S1 | 3,492 | R1 | 3,546.5 | RSI above 50 | Stochastic overbought | |
| S2 | 3,454 | R2 | | | | 3,619.5 |
| S3 | 3,385 | R3 | | | | 3,787.5 |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,481
- Technical outlook Previously: Buyside pressure increasing
- The RSI was above 50 and moving higher alongside price yesterday, meaning we had positive velocity and acceleration, suggesting downside moves had the potential to be countertrend. We identified USD 3,540 as a key resistance on the technical, as upside moves that rejected this level would suggest that the corrective phase was becoming more complex; however, above USD 3,540 would further support a buyer's argument
- The futures have now breached the USD 3,540 resistance. 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 3,481 with the RSI at or below 46 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,442 will support a buyers argument, below this level the technical will re-enter bearish territory.
- Technical outlook: Caution on downside moves
- The upside move above USD 3,540 means that the probability of the futures trading to a new low has started to decrease, further supporting a bull argument. The RSI has positive velocity and positive acceleration, suggesting downside moves now have a greater chance of being countertrend.