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(Bloomberg) -- Aluminum fell to the lowest since mid-February as a strengthening US dollar continued to pressure commodities.

The industrial metal extended losses after dropping by 16% in June, the biggest monthly decline since 2008. The winding down of the Middle East war has weighed on aluminum, which had surged in March through May due to the loss of supply from the region that accounts for nearly a 10th of global output.

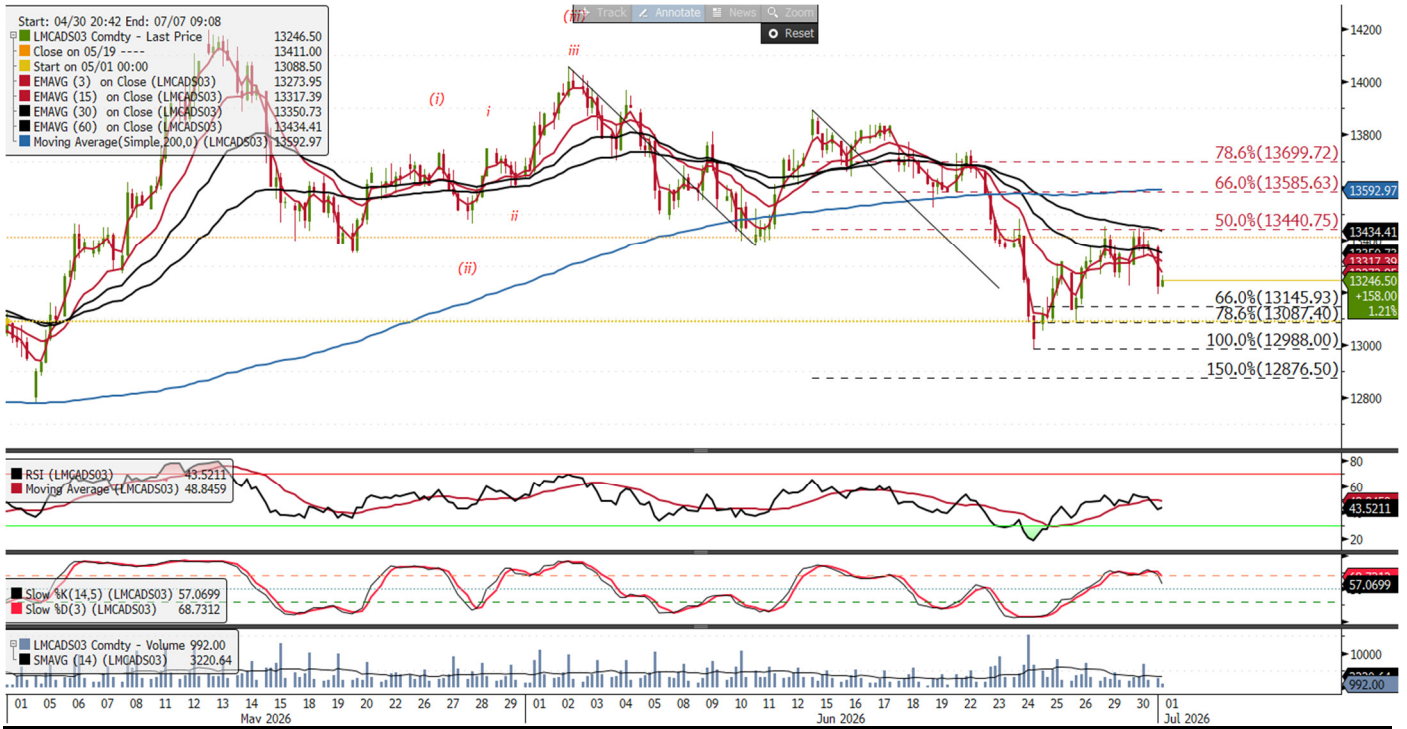
A gauge of the dollar rose for a second day. It's rallied 2.5% over the last two months, partially due to a more hawkish stance from the Federal Reserve. That makes commodities priced in the currency more expensive for many buyers.

Investors are worried about further gains in the dollar, which affects sentiment across industrial metals, as well as gold and silver, said Zhenting Zhou, a trader at Hangzhou Chenglian Industrial Co. Some Chinese investors have also been diverting funds from commodities into equities due to a local stocks rally, he said.

Aluminum fell 0.5% to \$3,071 a ton on the London Metal Exchange as of 11:43 a.m. in Shanghai, after dropping to \$3,060 earlier, the lowest since Feb. 19. Copper lost 0.9% to \$13,254. Iron ore declined 1.6% to \$97.50 a ton in Singapore.

The market is also waiting for Washington's pending review of refined copper imports, which were excluded from last year's tariffs. Commerce Secretary Howard Lutnick was due to deliver an update to President Donald Trump on the US copper market by Tuesday.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,145	R1	13,347		
S2	13,087	R2	13,440		RSI below 50
S3	12,988	R3	13,585		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (43)
- Stochastic is above 50
- Price is below the daily pivot point USD 13,347
- Technical Outlook Previously: Upside moves considered as countertrend.
- The RSI continued to imply that we had light momentum support yesterday; however, this was countered by our Elliott wave analysis that suggested that upside moves should be considered as countertrend. We also highlighted that there was a negative reversal pattern in play while below the USD 13,482, meaning we maintained a cautious approach to higher moves at that point. Above USD 13,482 would imply that buyside pressure was increasing, this would leave Fibonacci resistance levels vulnerable. USD 13,585 remained 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.
- The futures rejected the EMA resistance band resulting in price selling lower. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 13,347 with the RSI at or above 51 would mean price and momentum are aligned to the buyside. 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.
- An intraday double to formation has formed within the EMA resistance band, resulting in price selling lower. Our intraday Elliott wave analysis indicates that upside moves should be considered as countertrend; we also note that the negative reversal pattern remains in play while below USD 13,482. Above UD 13,482 will signal an increase in buyside pressure. The upside rejection below the USD 13,585 resistance is now warning that the USD 12,988 Fibonacci support is becoming vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,060	R1	3,103	Stochastic oversold	RSI below 50
S2	2,974	R2	3,207.5		
S3	2,888	R3	3,251		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,103
- Technical outlook Previously: Caution on downside moves
- The new low yesterday created a positive divergence with the RSI, warning sell side momentum could slow down, this was a condition and needed to see positive price action to confirm that the divergence was being respected. Upside moves above USD 3,207.5 would put price above fractal resistance, signaling buy-side pressure was on the increase, warning resistance levels could come under pressure. We were cautious on lower moves, due to the divergence; we identified USD 3,548 as the key longer-term resistance, as higher moves that failed to breach this level would signal a more complex corrective phase.
- The futures have seen another small move lower. We remain 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 3,103 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
- Technically unchanged this morning, the futures continue to trade at new lows; however, we remain in divergence with the RSI implying caution on downside moves at these levels. We also note that price is now testing the weekly 200-period MA at USD 3,069, a benchmark average on the higher timeframe that has the potential to act as a support. As highlighted yesterday, the divergence is a condition that will need confirmation from positive price action, a move above the USD 3,207.5 fractal resistance will signal an increase in buy-side pressure, indicating that this phase of the corrective cycle has completed. Key longer-term resistance is at USD 3,537, upside moves that fail at or below this level will indicate the potential for a more complex corrective cycle.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,492	R1	3,520.5	RSI above 50	Stochastic overbought
S2	3,472	R2			
S3	3,445	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,525
- Technical outlook Previously: Caution on downside moves
- We noted yesterday that the upside move above USD 3,540 meant that the probability of the futures trading to a new low has started to decrease, further supporting a bull argument. The RSI had positive velocity and positive acceleration, suggesting downside moves now have a greater chance of being countertrend.
- Having traded to a high of USD 3,558 the futures have entered a small corrective phase that puts price below the intraday 200-period MA at USD 3,522. Price is still above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,525 with the RSI at or below 51.5 would mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 3,445 will support a buyers argument, below this level the technical will re-enter bearish territory.
- Technical outlook: Caution on downside moves
- Technically bullish, price is now at an inflection point as we are trading around the intraday 200-period MA. However, the move higher was due to a positive divergence supported by a 5-wave pattern lower, while the move above USD 3,540 signals that the probability of price trading to new low has started to decrease, providing we remain above the USD 3,445 support. Bullish confirmation from the RSI also supports our technical argument that downside moves should be considered as a bullish throwback rather than bearish.