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(Bloomberg) -- Copper rose for a third day and aluminum extended a rebound from a four-month low, supported by fading expectations that the Federal Reserve will raise interest rates.

Three-month copper edged higher on the London Metal Exchange, extending a 0.3% gain in the previous session that helped it snap a two-week losing streak. Traders pared bets on tighter monetary policy after Fed Chair Kevin Warsh said last week that price risks were coming down, relieving some of the pressure on industrial demand.

Base metals were also supported Monday as some Chinese funds shifted into metal stocks and futures in anticipation of solid first-half earnings for producers, said Wu Kunjin, head of base metals research at Minmetals Futures Co. Several Chinese companies are due to report preliminary results in the coming weeks, with rally in commodities from gold to copper expected to bolster profits from a year earlier.

Copper rose as much as 0.7% before paring gains to trade at \$13,402.50 a ton — up 0.3% — as of 11:30 a.m. in Shanghai. Aluminum gained 0.5% to \$3,107 a ton, edging higher after a decline prompted by expectations of returning supplies from the Middle East.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	13,440	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,366
- Technical Outlook Previously: Upside moves considered as countertrend.
- The futures were testing the double top resistance at USD 13,452, while the negative reversal pattern was in play below USD 13,482, meaning we had small resistance zone forming. In theory, our Elliott wave analysis suggests caution on higher moves, providing we remain below the USD 13,585 level; above USD 13,585 the probability of the futures trading to a new low will begin to decrease. A failed swing low previously warned of buyside support in the market; if we traded above the USD 13,482 level, and closed and held above the USD 13,452 level, it would signal that buyside pressure was intensifying. In this scenario, market buyers would look to test and break our key resistance at USD 13,585.
- Price remains supported and now looks to have formed an ascending triangle pattern. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 13,366 with the RSI at or below 46 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: Testing resistance
- The ascending triangle has potential bullish implications due to the rising trend support; however, this does go against our Elliott wave analysis which implies upside moves should be considered as countertrend, providing the USD 13,585 resistance is not breached. For upside continuation, price will need to breach the USD 13,482 level, as the bearish reversal pattern remains in play below this level, we will also need to close and hold above the double to formation at USD 13,452. Upside breakouts must have volume support to give the move conviction, caution is warranted if we do not. A close and hold below the rising support line at USD 13,274 will signal an increase in sell side pressure. Note: although high volume on a downside breakout is preferred, it is not essential, as the weight of the futures will be considered enough.

Aluminium Morning Technical (4-hour)



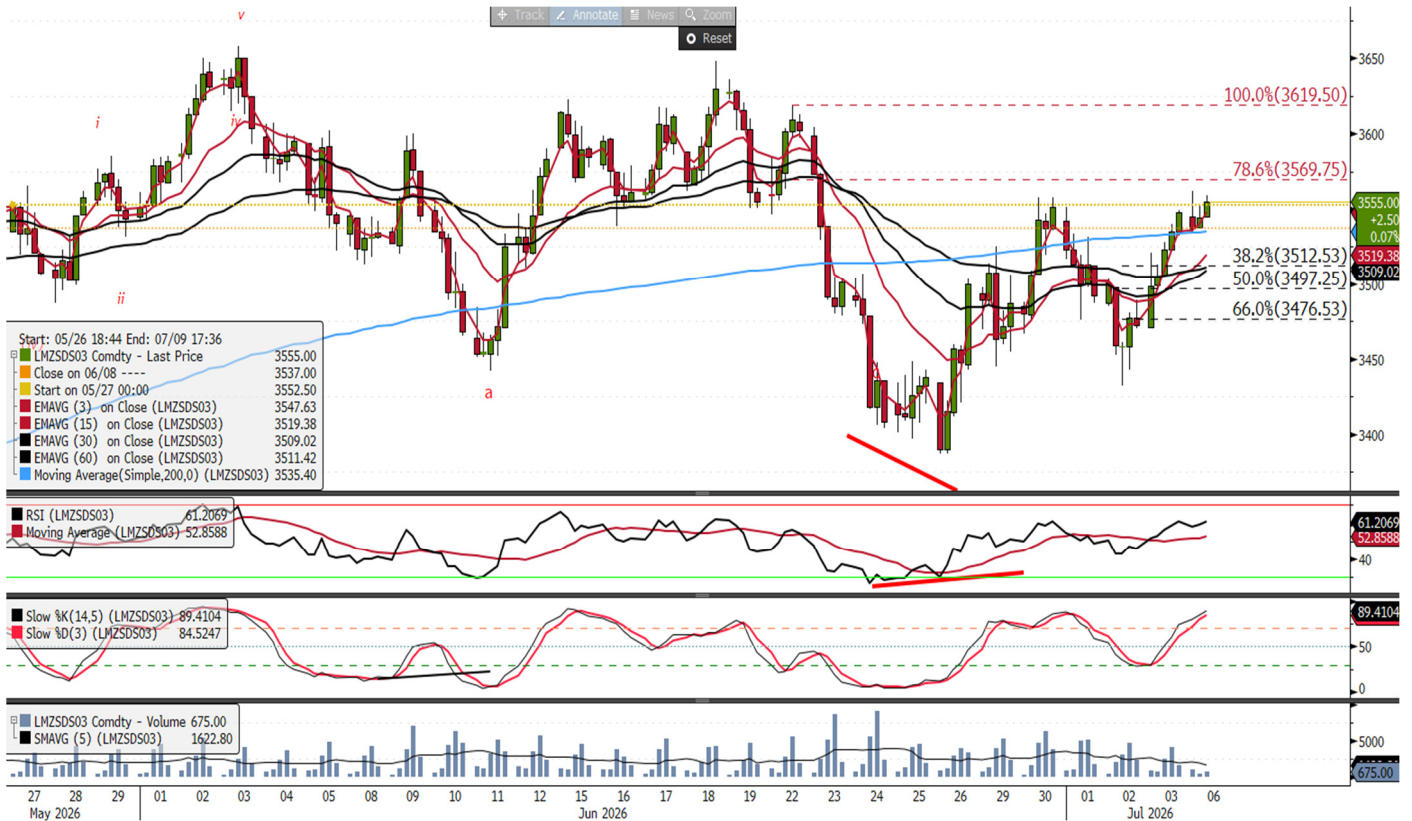
	Support	Resistance	Current Price	Bull	Bear
S1	3,099	R1	3,160		
S2	3,040	R2	3,207.5		RSI below 50
S3	2,974	R3	3,232		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,099
- Technical outlook Previously: Caution on downside moves
- An exhaustion pattern on Friday alongside a positive divergence had resulted in price trading above the USD 3,103 fractal resistance, signaling buyside pressure was increasing; however, we remained below the EMA resistance band at that point. Pullback below USD 3,040 were likely to create further divergences, meaning we maintained a cautious approach to downside breakouts.
- The futures remain supported by below the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,099 with the RSI at or below 41 would mean price and momentum are aligned to the sell-side. Upside moves that fail at or below USD 3,537 would warn that there could be a larger corrective Elliott wave cycle in play.
- Technical outlook: Caution on downside moves
- The futures remain supported on the exhaustion pattern and positive RSI divergence, meaning we maintain a cautious approach to downside breakouts below USD 3,040, as this will create further positive divergences. The RSI moving average implies momentum support, while price and momentum are aligned to the buyside; however, we currently lack bullish impetus on the technical at this point. A move above the USD 3,207.5 is needed to signal an increase in buyside pressure.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,522	R1	3,525	RSI above 50	Stochastic overbought
S2	3,512	R2	3,569		
S3	3,497	R3	3,619.5		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,522
- Technical outlook Previously: Caution on downside moves
- We noted on Friday that the futures had breached the USD 3,445 support on the throwback previously, but then also breached the USD 3,515 level on the upside move on Friday morning, meaning downside moves should be considered as countertrend. The pull-back was deeper than expected, suggesting market buyers should look for a close and hold above the intraday 200-period MA to signal an increase in buy-side pressure.
- Price remain supported with the futures above the intraday 200-period MA at USD 3,535. We are above all key moving averages while the RSI is above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,522 with the RSI at or below 50.5 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,474 will support a buyers argument, below this level the technical will re-enter bearish territory.
- Technical outlook: Buyside pressure increasing
- The futures have breached the USD 3,558 fractal resistance while holding above the 200-period MA at USD 3,535, signaling an increase in in buyside pressure. The RSI has made a new high while showing positive velocity and acceleration, supporting the buyside impetus. We maintain a cautious approach to throwbacks that hold above the USD 3,476 level, as it will re-affirm bullish impetus; conversely, below USD 3,476 price will re-enter bearish territory.