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(Bloomberg) -- Aluminum rose from near a four-month low, even as Goldman Sachs Group Inc. warned that supply from Middle Eastern smelters is rebounding more quickly than expected.

Prices increased 0.8% to settle at \$3,115.50 a metric ton in London. The market was supported by some Chinese funds shifting 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.

The metal's 14-day relative-strength index also recently moved into oversold territory, a sign to some that prices could be poised for a rebound.

Aluminum producers' margins surged in the second quarter as prices jumped following disruptions to Middle Eastern supplies, but the rally has since reversed as the US-Iran peace deal put the focus on a recovery in the region's supply. Last week, top regional producer Emirates Global Aluminium said it aims to speed up the resumption of output at its Abu Dhabi facility that was damaged during the war.

"The latest industry feedback also points toward a faster Middle East supply recovery more broadly," Goldman Sachs analysts led by Lavinia Forcellese said in a note, as the bank cut its price forecasts for the metal. "We expect inventories to rebuild into 2027, driving smelter margins to normalize from recent high levels."

Other metals traded mixed on the London Metal Exchange, with copper settling up 0.3% to \$13,403.50 a ton, while lead fell 0.6%.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,304	R1	13,396	13,344	Stochastic overbought
S2	13,145	R2	13,452		
S3	13,087	R3	13,482		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,396
- Technical Outlook Previously: Testing resistance
- The ascending triangle yesterday had potential bullish implications due to the rising trend support; however, this went against our Elliott wave analysis which implied upside moves should be considered as countertrend, providing the USD 13,585 resistance was not breached. For upside continuation, price would need to breach the USD 13,482 level, as the bearish reversal pattern remained in play below this level, we also needed to close and hold above the double to formation at USD 13,452. We noted that upside breakouts must have volume support to give the move conviction, caution was warranted if we did not. A close and hold below the rising support line at USD 13,274 would signal an increase in sell side pressure. We highlighted that although high volume on a downside breakout is preferred, it was not essential, as the weight of the futures would be considered enough.
- The futures remain in the ascending triangle. We are below all key moving averages with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,396 with the RSI at or above 55 would mean price and momentum are aligned to the buy 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: Consolidating
- Our Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, providing we remain below the USD 13,585 resistance. As highlighted yesterday, for upside continuation, price would need a high volume breakout above USD 13,482, that holds above the double to formation at USD 13,452. A close below the trend support line at USD 13,306 would signal an increase in sell side pressure, warning support levels could be tested. While in the ascending triangle, near-term price action is considered to be neutral.

Aluminium Morning Technical (4-hour)



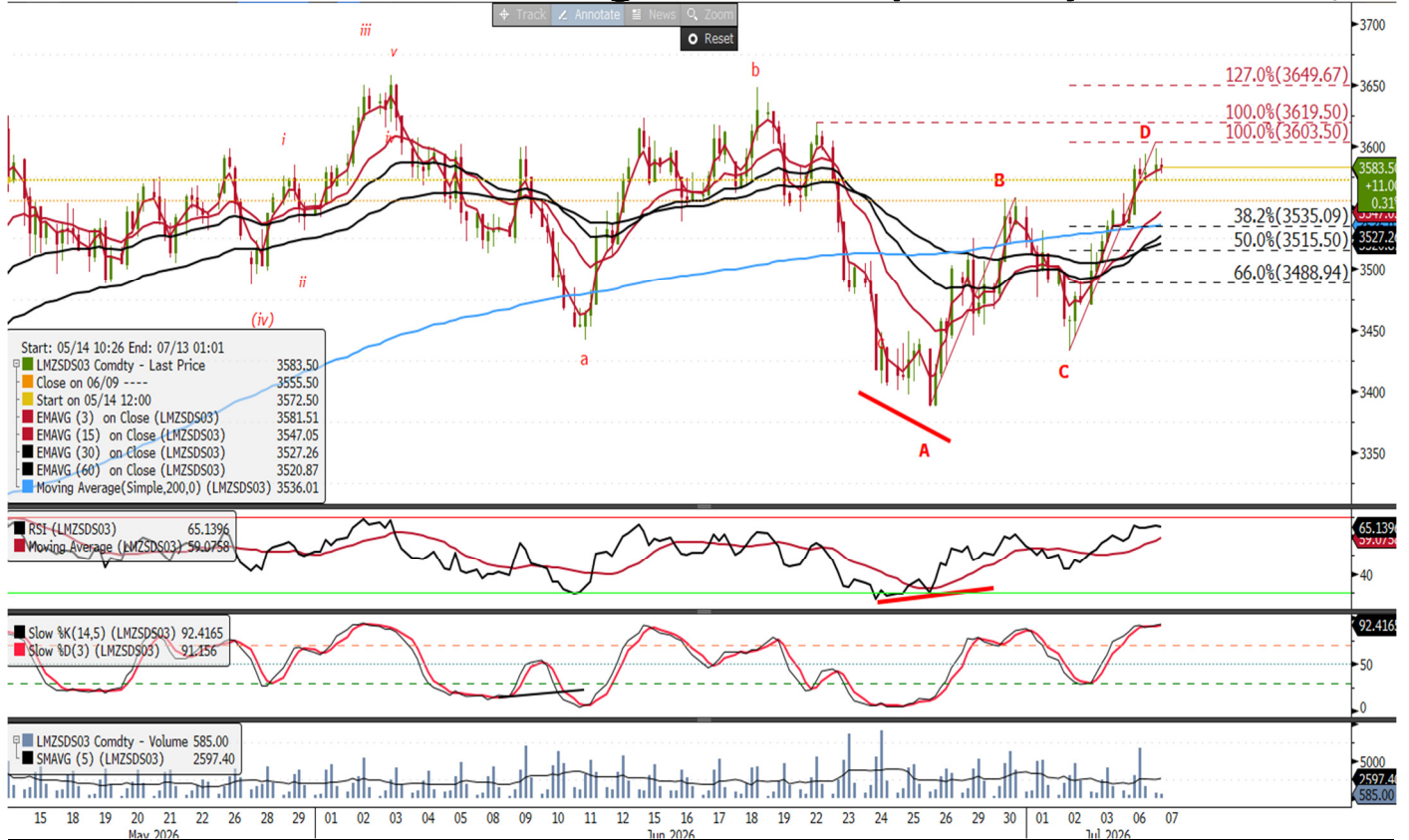
Support	Resistance	Current Price	Bull	Bear
S1	R1	3,109.5		RSI below 50
3,040	3,207.5			
S2	R2			
2,974	3,232			
S3	R3			
2,888	3,379			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is on the daily pivot point USD 3,110
- Technical outlook Previously: Caution on downside moves
- The futures remained supported on the exhaustion pattern and positive RSI divergence yesterday, meaning we maintained a cautious approach to downside breakouts below USD 3,040, as this would create further positive divergences. The RSI moving average implied momentum support, while price and momentum were aligned to the buyside; however, we noted that we lacked bullish impetus on the technical at that point. A move above the USD 3,207.5 was needed to signal an increase in buyside pressure.
- The futures remain supported but below the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 3,110 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 3,537 would warn that there could be a larger corrective Elliott wave cycle in play.
- Technical outlook: Caution on downside moves
- Unchanged on the technical this morning, we remain supported on the exhaustion pattern and positive RSI divergence, meaning a cautious approach to downside breakouts below USD 3,040 is warranted, 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 continue to lack bullish impetus on the technical. 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	3,569	R1 3,603.5	RSI above 50	Stochastic overbought
S2	3,535	R2 3,619		
S3	3,515	R3 3,649		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,569
- Technical outlook Previously: Buyside pressure increasing
- We noted yesterday that the futures had 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 had made a new high while showing positive velocity and acceleration, supporting the buyside impetus. We maintained a cautious approach to throwbacks that held above the USD 3,476 level, as it would re-affirm bullish impetus; conversely, below USD 3,476 price would re-enter bearish territory.
- Price remains supported having traded to a high of USD 3,598 on the open of the Asian day session. 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 3,569 with the RSI at or below 57 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,488 will support a buyers argument, below this level the technical will re-enter bearish territory.
- Technical outlook: At resistance
- Having held above the intraday 200-period MA yesterday, the futures continue to see positive velocity and acceleration, alongside bullish momentum support, warning throwbacks have a higher probability of being countertrend; however, the 100% Fibonacci projection of the A-B = C-D pattern is at USD 3,603.5. This is a natural area of resistance for recent market longs to take profit, hence the high volume indecision candle in the European afternoon session yesterday. Throwbacks that hold above USD 3,488 will support a bull argument; conversely, if breached it would signal an increase in sell side pressure. For upside continuation, market bulls will need to see a close and hold above the USD 3,603.5 resistance. We currently have a note of caution on higher moves while below USD 3,603.5, as there is evidence from the high volume candle yesterday that the market is respecting it, or at the very least, aware of the pattern.