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(Bloomberg) -- Copper headed for a third weekly loss in four as a selloff in technology stocks deepened, sapping risk appetite across markets including for the metal that's used in data centers and power infrastructure. Futures traded above \$14,150 a ton in London, down almost 2% this week and extending a retreat from a record set in September. The global slump in tech stocks intensified on Friday, as earnings from major companies failed to reassure investors about the durability of the artificial-intelligence trade. The stock selloff is "putting great pressure" on metals from copper to gold, said Fan Rui, an analyst at Guoyuan Futures Co. "It is affecting short-term sentiment on metals given demand from other sectors remains bland."

Copper remains about 14% higher this year, with gains aided by a major influx of metal into the US on speculation that the Trump administration will introduce a levy on refined metal. Still, there have been some doubts among traders over whether Washington will actually follow through with the move.

On the supply front, output may tighten as Chile's production is expected to fall 8% to 9% this year, according to Finance Minister Jorge Quiroz. That stands to worsen the outlook for a slump in the top-mining nation, which has seen pits affected by a string of deadly accidents and extreme weather.

[Read More: Chile Copper Slump Deepens as Storms, Accidents Hit Aging Mines](#)

In China, a shortage of material is also forcing smelters to deepen production cuts ahead of negotiations on next year's concentrate supply. Refiners in the country plan to process less concentrate, with some starting maintenance and running at minimal rates, according to people familiar with the matter.

Copper was 0.6% higher at \$14,160 a ton on the London Metal Exchange at 10:59 a.m. in Singapore, after swinging between gains and losses. Other metals were mixed, with nickel down 1.5% at \$15,875 a ton and zinc marginally higher.

Copper Morning Technical (4-hour)



Support		Resistance		Current price	Bull	Bear
S1	14,153	R1	14,270	14,205.5	Stochastic	RSI below 50
S2	14,065	R2	14,346			
S3	13,954	R3	14,407			

Synopsis - Intraday

Chart Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 14,153
- Technical Outlook: Sell side pressure increasing
- The futures sold below the USD 14,213.5 level yesterday having broken the range to the downside, indicating sell side pressure was increasing. The RSI was below 40. If the break held, then the USD 14,065 support would become vulnerable. However, the breakout candle was still open, meaning we are yet to close below 14,256, while the RSI was yet to close below the 40 level, meaning confirmation was still needed. Caution was warranted if the current candle closes back above the USD 14,256 level, as it would produce a bullish support candle.
- The futures traded below but failed to close below the USD 14,065 support, resulting in price moving higher. We are below all moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 14,153 with the RSI at or above 43.5 would mean price and momentum are aligned to the buy-side; likewise, a close below this level would mean it is aligned to the sell side. Upside moves that fail at or below USD 14,346 would leave the futures vulnerable to further tests to the downside, above this level the probability of price trading at a new low would start to decrease.
- Technical Outlook: Neutral
- We noted in the Mid-Day report yesterday that the strength of the move lower warned that upside moves should be considered as countertrend. On the lower timeframe wave cycle, we have failed to trade below the USD 14,031 low, as price only achieved a low of USD 14,040 this morning. There is a lack of clarity in the wave cycle now because of this failure to achieve a new low, as there is a chance that the corrective cycle may have completed. The upside move in the Asian day session means that the RSI is currently above 40, while price is trading above the high of the last dominant bear candle at USD 14,213. If the candle closes above USD 14,213 with the RSI closing above 40, it will leave the USD 14,346 resistance vulnerable. The lack of clarity on the technical means we have a neutral bias this morning.

Aluminium Morning Technical (4-Hour)



Support	Resistance	Current price	Bull	Bear
S1	R1	3,022	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Chart Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,015
- Technical outlook Previously: RSI trend break
- Our Elliott wave analysis continued to suggest that upside moves should be considered as countertrend yesterday, providing the USD 3,087 resistance was not breached, we also noted that there was a negative reversal pattern in play while below USD 3,046. Above USD 3,046 the RSI and price would have made new highs, signaling bullish momentum confirmation. Although the RSI is above its moving average, it had broken trend support, warning that momentum was starting to weaken. This does not mean that we would sell lower, it warned that momentum that we could, leaving support vulnerable.
- The futures had a small move lower before finding light bid this morning. We remain between the EMA resistance band with the RSI above 50, intraday price and momentum are still aligned to the sell side, as the previous candle closed below the daily pivot level while the RSI was below its MA.
- A close on the 4-hour candle above USD 3,015 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 3,087 would warn that support levels could come under further pressure, above this level the technical would have a neutral bias.
- Technical outlook: Upside moves considered as countertrend
- The futures remain supported with price continuing to test the EMA resistance band at this point. The RSI is holding above 40 but below 60 signaling momentum lacks directional bias. However, our Elliott wave analysis does suggest that upside moves should be considered as countertrend, providing the USD 3,087 resistance is not breached. If it is, then the probability of price achieving a new low would begin to decrease.

Zinc Morning Technical (4-Hour)



Support		Resistance		Current price	Bull	Bear
S1	3,673	R1	3,732	3,691	Stochastic oversold	RSI below 50
S2	3,636	R2	3,739			
S3	3,585	R3	3,766			

Synopsis - Intraday

Chart Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,698
- Technical outlook Previously: Inflection point
- The futures were trading just below the trend support line at USD 3,719 yesterday; however, the candle remained open. A close and hold below the support line would warn that the technical condition was weakening, leaving support levels vulnerable. If the RSI closed and holds below the 40 level, then the momentum weakness would warn of the potential for further downside. Conversely, caution was warranted if we closed above the trend support line, as it would signal market buyers were defending it.
- The futures traded at a low of USD 3,662 before finding light bid support in the Asian day session. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 3,698 with the RSI at or above 51 would mean price and momentum are aligned to the buy-side; likewise, a close below this level would mean it is aligned to the sell side. Upside moves that fail at or below USD 3,766 would warn that support levels could come under further pressure.
- Technical outlook: Support vulnerable
- The upside move has rejected the USD 3,766 resistance with the futures closing below its trend line, warning support levels are becoming vulnerable. However, the RSI is holding above the 40-level at this point, meaning we are seeing some evidence of intraday support. If the futures sell below the USD 3,650 level with the RSI either above the 40 level, or failing to hold below it, then market sellers should act with caution, as it will leave price vulnerable to higher moves.

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