

FIS Technical – DCE Iron Ore Sep 20

Synopsis:

The DCE iron ore remains within the bullish channel and is not testing the trend support.

The RSI remains above 50 in bullish territory, however the stochastic is now showing a bearish cross and is back below the 70 line, suggesting momentum is starting to weaken. Downside moves below CNY 758.5 today would be below the channel support and below CNY 751.5 below the weekly pivot point. The pivot point is considered as a technical balance point, below this level the daily technical is considered as weakening based on the previous weeks data.

Elliott wave Analysis is showing a 5 wave bullish pattern, with lower time frames on the intraday chart showing a negative divergence. The divergence is a warning of a potential momentum slowdown and is not considered as a sell signal in its own right; however, in conjunction with the 5—wave pattern it does suggest we have potentially seen cycle completion. This means upside moves are not considered a technical buy, and should be considered as countertrend.

Downside moves that close and hold below the channel support would imply a weakening technical picture. Below CNY 733 they will have completed a lower low in the market

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	Support	Resistance	Current Price	Bull	Bear
S1	751	R1	761	RSI above 50	Stochastic is overbought
S2	700	R2			
S3	670	R3			

Synopsis

Chart Source Bloomberg

- Price action is above the 8 – 21 period EMA
- RSI is above 50 (62)
- Weekly pivot point is CNY 751
- Stochastic is overbought
- Aggregate open interest remains Stable/bullish
- Intraday Analysis is suggesting we have potentially seen cycle completion
- Technical resistance starts at CNY 82
- Price is holding at the weekly pivot point
- The futures are testing channel support