

DCE Iron Ore Sep 20

Synopsis

The daily technical is considered as bearish based on the CNY 805 low that was created by the roll. However, price itself is in a range between CNY 874—CNY, 805 with flat EMA's indicating price is not in trend at this point. Technically bearish to neutral.

CNY 809—CNY 805 has now become a key support level that has been tested and held on 4 occasions. Downside moves that break the CNY 805 level would indicate technical weakness and potential downside continuation.

Upside moves that fail at or below the CNY 877.8 level would leave the futures vulnerable to further tests to the downside. Above this level the pullback is considered as deep and would take the technical phase from bearish/neutral to neutral. Upside moves are considered as countertrend as they remain within the last bear wave down that was created by the roll.

Having initially dropped after the roll the open interest has remained stable. Price action is in a range but there are no real signs of market participants building positions at this point.

The RSI at 51 is effectively neutral with stochastic nearing oversold territory as we approach range support.

The technical currently lacks a directional bias due to the range. The Fractal footprint is considered as bearish but support levels continue to hold. However, a break in support could prove to be significant as it has held four times and would be in directional line with the bearish fractal footprint.

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Support	Resistance	Current Price	Bull	Bear
S1	R1	837	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Chart Source Bloomberg

- Price is on the 8—21 period EMA's
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the weekly pivot point CNY 841.5
- The downside move created by the roll resulted in a new low at CNY 805. This broke the CNY 807 fractal support, taking the technical footprint from bullish to bearish
- The futures have now entered a range between CNY 874—CNY 805. With the EMA's now flat, this would confirm price is no longer in trend. The trend is currently bearish but the range is putting a neutral standing on the technical
- Upside moves that trade above CNY 877.8 would be considered as deep meaning the futures would go from neutral/bearish to neutral
- Downside moves below CNY 805 would signal potential downside continuation
- Aggregate open (OI) interest dropped after the futures roll indicating open long positions had exited the market. There is a small OI build within the range but at this point there are no real signs of accumulation and distribution taking place
- The RSI at 51 is also effectively neutral with the stochastic nearing oversold territory as we approach the base of the range