

DCE Iron Ore Jan 21

Synopsis

The futures remain technically bearish and in trend. Open interest has levelled out signalling that having seen an initial build buyers and sellers are now in balance

Upside moves that fail at or below the CNY 818 level remain vulnerable to further tests to the downside. Likewise, price action that makes a new low is likely to produce a positive divergence with the RSI on the intraday technical.

The near-term downside support is not the swing low at CNY 730.5, price action that breaks below and holds below this level has the potential to test the 200 period MA at CNY 711.

Intraday wave analysis would suggest that upside moves should be considered as countertrend at this point meaning the longer-term technical has potential for more tests to the downside.

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Support	Resistance	Current Price	Bull	Bear
S1	R1	757	Stochastic oversold	RSI below 50
730.5	790			
S2	R2			
711	805			
S3	R3			
685	818			

Synopsis - Intraday

Chart Source Bloomberg

- Price is below the 8–21 period EMA's
- RSI is below 50 (37)
- Stochastic is oversold
- Having broken the CNY 805 support and entered bearish territory the futures have now traded down to CNY 751.5
- The near-term technical remains bearish with support at CNY 730.5. However, the intraday price action has the potential to produce a positive divergence below CNY 751.5 on the 60 min chart. Not a buy signal, it does warn that we have the potential for a momentum slowdown soon
- Technical resistance starts at CNY 790. upside moves that fail at or below the CNY 818 level remain vulnerable to further tests to the downside
- Intraday wave analysis would suggest that upside moves are likely to be considered as countertrend at this point
- Technically bearish and currently in trend. The intraday RSI is warning of a potential momentum slowdown soon. However any upside moves at this point would be potentially countertrend based on the intraday Elliott wave cycle