

Iron Ore Nov 20 (Rolling Front Month)

Synopsis

The corrective phase lower in September held above the USD 111.50 50% Fibonacci retracement level. A key level within a wave 4 Elliott wave correction which have a tendency to hold between the 38.2% - 50% zone.

Iron ore prices have been pushing higher since 23-09-20 putting the RSI above 50 into bullish territory. The key level of resistance at USD 120.15 has been broken meaning the downside move is no longer considered as bearish and supports a buy side argument, on the basis the wave 4 corrective move down might be over.

The futures are in bull territory based on the positioning of the RSI above 50 but the downside moves yesterday have highlighted the possibility that we are entering a corrective phase. If we close below USD 119.38 then it would suggest an intraday corrective move. For those that look at the intraday technical reports will have seen overextended momentum that is likely to diverge above USD 121.50 with the intraday warning of technical weakness in the near-term. However, key support is at USD 116.35, if this level is not broken on a corrective move lower, then it supports a bull argument, with the potential to test the USD 126.10 level or higher.

Wave analysis leans to the buyside and would imply that we are on a bullish 5th wave. The intraday technical looks like we could be entering into a corrective phase based on the 4-hour momentum being overbought, with the potential to diverge on higher pricing. Key support is the USD 116.35 level, if this holds then the probability of it being a bullish wave 5 increases meaning market buyers will target new highs.

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	Support	Resistance	Current Price	Bull	Bear
S1	118.52	R1	121.50	RSI Above 50	
S2	117.60	R2	125.00		
S3	116.35	R3	126.10		

Synopsis - Intraday

- Price is above the 8 - 21-period EMA's
- RSI is above 50
- Stochastic is neutral
- The upside moves has now created a double top at USD 121.50 (ignoring the USD 126.00 high tick). The deep pullback has taken the technical from bearish to neutral, price action above USD 121.50 would create a higher high and be considered as bullish.
- Downside moves that close below the USD 119.38 level would warn of a weakening in price and suggest the technical is above to enter a corrective phase, targeting the USD 116.66—USD 113.14 Fibonacci support zone. Likewise, downside moves that fail to close below this level would keep the near-term technical in bull territory
- Corrective moves that fail to trade below the USD 116.35 Fibonacci level would support a buyers argument within the longer term trend. Bellow this level the upside moves is weakened suggesting we could see further tests to the downside
- USD 12.01—USD 116.35 defines the current technical. Price action above USD 120.15 does support a buyers argument providing the current corrective phase does not trade below USD 116.35