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## Steel an Scrap Morning Intraday Note

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## **Rolling front Month Steel Scrap Futures (November)**

Weakening price action yesterday as the futures rolled into November. The intraday technical is holding in bullish territory with the mid-price (USD 297) above the daily pivot point (USD 295). However, the 4—hour chart is vulnerable below the USD 299 having seen an intraday pullback yesterday.

The RSI is above 50 in bullish territory but heading lower (51.5), with the stochastic at 94 in overbought territory and showing a bearish cross. Momentum is suggesting that the technical is vulnerable to further downside moves at this point. It is worth noting that the daily stochastic is at 70 meaning it is potentially about to enter overbought territory as well.

Upside moves on the 4-hour intraday technical above USD 299 would indicate a strengthening in price, a rejection of this level would warn that technical sellers could be entering the market.

Technically bullish, the 4-hour is warning of a weakening in price; however, at this point we need to see further downside movement supported by an RSI below 50 for the market to enter a corrective phase

## LME Steel HRC FOB China (Argus) November 21

Technically bullish and in trend. The futures continue to make higher highs and higher lows with the RSI above 50 in bullish territory. Near-term resistance is at USD 528 as this is a previous high (fractal resistance point). Upside moves above this level would create a negative divergence either the RSI, not a sell signal it is a warning that we have the potential to see a momentum slowdown soon.

Intraday price action on the 4– hour chart that trades below and closes below the USD 527 level would warn the technical picture is starting to weaken. However, for downside momentum to support price then the intraday RSI needs to go below and stay below 57 (currently 64.4). If price is below the USD 527 level but the intraday RSI is above 57 the potential for a false downside moves is higher.

Technically bullish, the potential for a negative divergence above USD 528 would mean the futures are not considered a 'technical' buy above this level.

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