

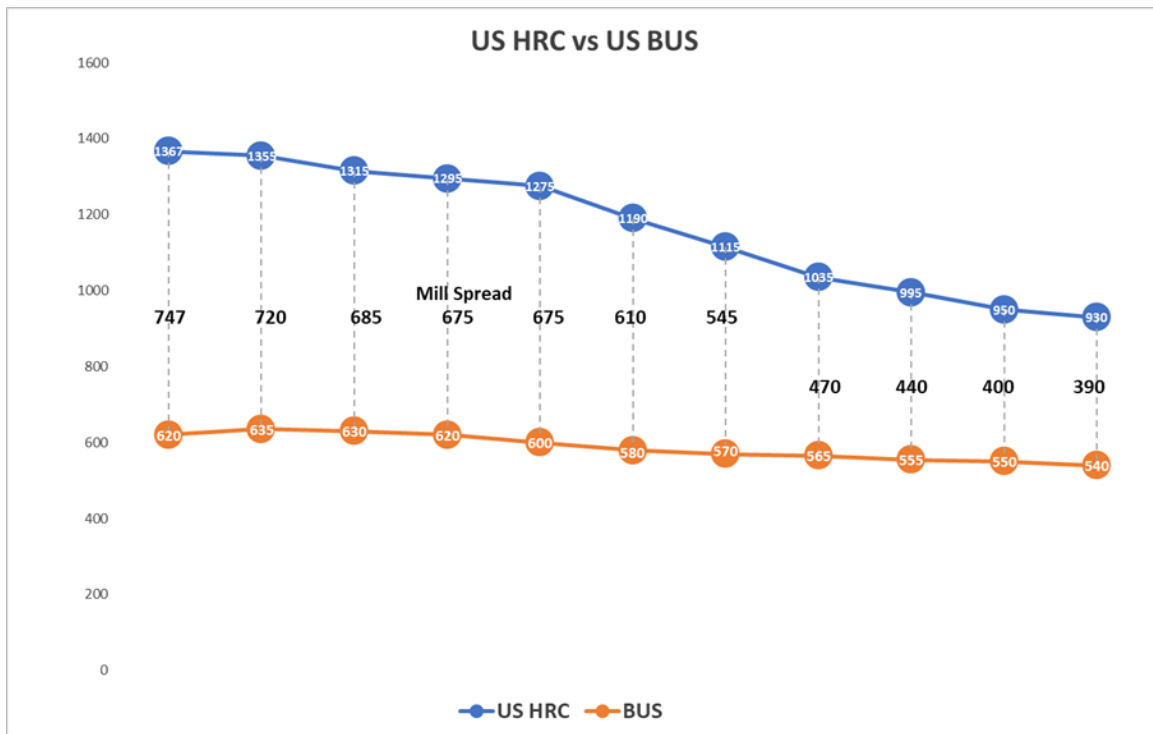


U.S. HRC Report

Market Trends

Surprise, surprise, market move to the upside since our last edition. Taking the focus to something a little close with our Technical Analysis on Jun21. With lead times in the US at just over 9 weeks, we felt it was fitting to assess this period. Value wise Jun21 has been moving in sync with the front month and we are testing a slight contango from Apr21 to May21.

Seems strange in this market to see a month of higher prices in May followed by weakness back to prior month. Couple these pricing mechanics with scheduled mill maintenance outages seems hard to justify the backwardation to May. Jun21 Mill Margin spreads are pricing at ~\$700/t midpoint representing a flattening of the spread heading into the summer before plummeting. Keep an eye out on the spread movement.



	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
US HRC	1367	1355	1315	1295	1275	1190	1115	1035	995	950	930
BUS	620	635	630	620	600	580	570	565	555	550	540
Mill Spd	747	720	685	675	675	610	545	470	440	400	390

Technical – Jun 21



Chart Source: Bloomberg

	Support	Resistance	Current Price	Bull	Bear
S1	1,265	R1	1,493	1,339	RSI above 50 Stochastic overbought
S2	1,138	R2	1,564		
S3	971	R3	1,635		

Technical Synopsis

- Price is above the 8—21 period EMA's
- RSI is above 50 (65)
- Stochastic is overbought
- The longer-term trend remains technically bullish with the futures above all key averages and the RSI above 50
- The RSI continues to show a negative divergence with price. However the divergence has been in play since the 10th Feb 21

- The Elliott wave count would indicate we are on a bullish wave 3. The intraday Elliott wave count would suggest we could be in the early stages of the wave 5 of the wave 3
- Upside moves that trade above the USD 1,367 level would confirm that we are on a wave 5 of wave 3 with a potential upside target at USD 1,635. However, downside moves that trade below the USD 1,265 level before making a new high would suggest we are on Wave C of a corrective wave 4
- Downside moves that hold at or above the USD 971 level would support a buyers argument, below this level the pullback would be considered as deep and the technical phase neutral
- Technically bullish, wave analysis would suggest that downside moves should be considered as countertrend with the futures having the potential for one more move to the upside within this phase

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