



Iron Ore Offshore Intraday Morning Technical

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Iron Ore Offshore July 23 Morning Technical Comment – 240 Min Chart



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 107.00 | R1 | 113.47 | RSI above 50 | Stochastic overbought |
| S2 | 104.70 | R2 | 119.70 | | |
| S3 | 102.87 | R3 | 124.61 | | |

Synopsis - Intraday

- Price is above the 34-55 period EMA's
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above daily pivot point USD 107.00
- Technically unchanged yesterday, we maintained our view that this upside move looks to be a countertrend Elliott wave B with lower timeframe momentum in divergence, suggesting caution on upside moves. We observed on the September DCE contract that we had seen an open interest build on this recent upside move with volume steady; however, price was failing to make significant gains in recent days suggesting buyside momentum could be slowing. On the market profile chart RMB 770 – RMB 768 seemed to be an area of support over the last 5 days (last price at 770.5), if we do start to trade below this level, we could see some profit taking in the market. Likewise, if we hold, then it could result in further buyside pressure. Cautious at these levels as we remain vulnerable to a technical pullback. The move higher today is less technical with the drive coming from the state banks lowering rates on a range of deposit products (Bloomberg). The futures remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 107.00 with the RSI at or below 60.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 119.77 will leave the futures vulnerable to further tests to the downside, above this level the Elliott wave cycle will have a neutral bias.
- The intraday technical is now bullish based on price having made a higher high; however, the longer-term Elliott wave cycle is suggesting that we are potentially on a countertrend wave B. Open interest is rising, price is moving higher on decent volume on the DCE supporting the upside move. We should note that the lower timeframe SGX contract is in divergence with the RSI, not a sell signal, it continues to warn that we have the potential to see a momentum slowdown. Bullish based on price, we maintain a cautious view based on our Elliott wave analysis.

Chart source Bloomberg

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