



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	110.35	R1	112.90	RSI above 50	Stochastic overbought	
S2	106.25	R2				119.70
S3	104.12	R3				124.61

Synopsis - Intraday

- Price is above the 34-55 period EMA's
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above daily pivot point USD 110.35
- The technical was bullish based on price with the support band holding two days ago, before the moving higher yesterday. We noted that upside moves above USD 113.15 would create a negative divergence with the RSI, not a sell signal it did warn we had the potential to see a momentum slowdown and therefore needed to be monitored. Elliott wave analysis continued to suggest that upside moves should be considered as countertrend. The futures continue to remain supported with price moving higher today, we remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 110.35 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 101.23 will support a near-term bull argument, below this level the USD 94.00 fractal low will be vulnerable. Likewise, upside moves that fail at or below USD 119.70 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bullish based on price, we highlighted the drop in open interest yesterday on the DCE, as it warned that existing market longs were exiting the market, suggesting caution. We have seen a small open interest build today, suggesting we are seeing fresh longs enter the market; however, above USD 113.15 the RSI will be showing a negative divergence with the RSI, not a sell signal, it does warn that we have the potential to see a momentum slowdown on a upside breakout, suggesting caution. Likewise, our Elliott wave analysis would suggest that this upside move looks to be a countertrend wave B (granted the wave cycle is based on the psychological footprint of the market which means it could fail under more stimulus), for this reason, although we have a small open interest build on the DCE today, we remain cautious on upside moves at this point.

Chart source Bloomberg

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