



Iron Ore Offshore Intraday Morning Technical

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



	Support	Resistance	Current Price	Bull	Bear	
S1	112.10	R1	112.80	RSI above 50	Stochastic overbought	
S2	111.19	R2				119.70
S3	110.40	R3				124.61

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 34-55 period EMA's
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above daily pivot point USD 112.10
- Technically bullish based on price yesterday, we had previously highlighted the drop in open interest on the DCE, as it warned that existing longs were exiting the market, suggesting caution. Yesterday we had a small open interest build, implying we were seeing fresh longs enter the market; however, above USD 113.15 the RSI would create a negative divergence with the RSI, not a sell signal, it did warn that we had the potential to see a momentum slowdown on a upside breakout, again suggesting caution. Likewise, our Elliott wave analysis suggested that this upside move looked to be a countertrend wave B (we noted that 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 had a small open interest build on the DCE, we remained cautious on upside moves. The futures traded to a new high, meaning we now have a negative divergence in play. Price came under pressure in the Asian day session but we are holding above all key moving averages supported by the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 112.10 with the RSI at or above 64.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 60 will mean it is aligned to the sell side. Downside moves that hold at or above USD 109.32 will support a bull argument, below this level the technical will have a neutral bias. only below USD 107.05 is the technical bearish.
- Technically bullish based on price, the futures moved lower on poor data, but we are holding above the EMA support band due to a rate cut. Technically we are now in divergence, warning we have the potential to see a momentum slowdown, suggesting caution on upside moves at this point. We maintain our view that this move looks to be countertrend based on our Elliott wave analysis, but acknowledge that this is based on market psychology, which could change if more stimulus is forth coming.

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