FIS

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Iron Ore August 23 (rolling Front Month)

Support		Resistance		Current Price	Bull	Bear
S1	106.97	R1	119.77			
S2	104.50	R2	124.69	114.50	RSI above 50	
S3	101.14	R3	133.05			

Source Bloomberg

Synopsis - Intraday

- Price is above the 34 - 55-period EMA's

- RSI is above 50 (56)

- Stochastic is at 50

- Price is above the weekly pivot point (USD 108.43)

- The RSI had rejected a resistance zone on the last report which had previously resulted in the futures moving lower (Mar 22 and Mar 23) whilst the RSI was below its MA which was turning lower, warning that buyside momentum had starting to weaken. Flat EMA's and a neutral RSI suggested there was a lack of directional bias in the market, warning we could be in a transitional phase. Our Elliott wave analysis continued to suggest that the upside move looked to be a countertrend wave B; however, the futures were proving to be more resilient than we expected. We remained cautious on upside moves as the futures remained vulnerable to a move lower. We traded to a low of USD 103.25 and looked like they had entered the bearish wave C. However, we have seen government support in the construction sector alongside a weaker USD, that has resulted in an unexpectedly strong move higher. Price is above the 34-55 period EMA's with the RSI above 50.

- Upside moves that fail at or below USD 119.77 will leave the futures vulnerable to further tests to the downisde, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 101.14 will support a near-term bull argument, below this level we target the USD 94.00 low. Note: support held.

- Having held the USD 101.14 support, the futures are now testing the USD 115.00 fractal resistance. It could be that we are seeing a larger than expected 3 wave pattern, meaning we remain in the countertrend Elliott wave B. However, with the support to the Chinese construction sector it could also be that the psychological footprint of the market has changed, meaning the Elliott wave cycle has failed. At this point it is unclear; however, intraday momentum indicators would suggest the downside moves will potentially be countertrend in the near-term, whilst the daily stochastic is moving higher (from oversold territory) alongside the RSI crossing 50, warning the USD 119.77 resistance is starting to look vulnerable.