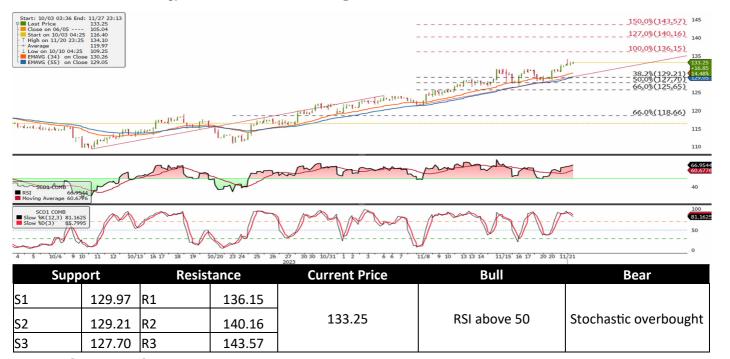
<u> EMISSIONS | OIL | FERROUS</u> | FREIGHT | AGRI | METALS | ENERGY | PHYSICAL FREIGH



Iron Ore Offshore Intraday Morning Technical

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

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



Synopsis - Intraday

- Price is above the 34-55 period EMA's
- RSI is above 50 (66)
- Stochastic overbought
- Price is above the daily pivot point USD 129.97
- We remained bullish with the MA on the RSI continuing to suggest momentum is weak yesterday, despite the RSI being above the MA. Upside moves above USD 131.45 would create a negative divergence with the RSI, not a sell signal, it was a warning that we could see a momentum slowdown on a new high, suggesting caution on upside breakouts. The move higher today is outside of the technical, in the sense, support levels had previously been vulnerable previously before the announcement of financial support. However, the technical did still suggest caution on upside moves. The futures have continued to move higher on the back of the stimulus anticipation regarding the financial boost to developers. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.

Chart source Bloomberg

- A close on the 4-hour candle below USD 129.97 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 125.65 will support a bull argument, below this level the technical will have a neutral bias
- The futures have traded to a new high on the stimulus anticipation. We noted two weeks ago that there was the possibility of this Elliott wave cycle extending, if price levels stayed elevated for long enough, this is now the case. In the near-term the futures remain in divergence, with the MA on the RSI now suggesting momentum is supported, causing a confliction, but warning we could see a momentum slowdown. However, downside moves should now be considered as countertrend, as the psychological footprint of the market (Elliott wave), now suggests there is a larger bull cycle in play. This also means that the longer-term cycle remains bullish above USD 118.66. Obviously, if we see intervention regarding the high pricing of iron ore from the Chinese authorities, the psychological footprint could change, meaning the cycle could fail. But for now, we are bullish.

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