FIS Iron Ore Offshore

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

Iron Ore Dec 23 (rolling Front Month)

Support		Resistance		Current Price	Bull	Bear
S1	131.90	R1	139.00	132.70	RSI above 50	Stochastic overbought
S2	125.68	R2	147.03			
S3	122.82	R3	153.87			

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 - 55-period EMA's
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the weekly pivot point (USD 131.90)
- Technically bullish on the last report, the futures had achieved our upside target with price producing an intraday double top pattern, warning we were seeing selling resistance at higher levels. A move below USD 126.70 would warn that the USD 123.52 Fibonacci support could come under pressure, whilst below USD 117.75 the probability of the futures trading to a new high would start to decrease. Although bullish, due to the double top resistance and the potential to diverge with the RSI on a new high, we did not consider the futures a 'technical' buy at these levels. The futures did see one more move to the upside due to the Chinese authorities producing a white letter that had identified 50 construction companies to support. However, this upside move is struggling to hold, due to an intraday divergence. What is significant is the red circle on the chart that dates back to the report from the 10/11/23, when we were discussing the potential for wave extension. On one hand the Authorities are trying to support the construction industry, whilst simultaneously cool the upside trend in iron ore. What they have achieved is the Elliott wave extension that we noted could be a possibility if the futures stayed elevated at high levels for a long period of time. We remain above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 118.94 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, there are warning signs that the upside move could enter a corrective phase due to the intraday divergence in play. However, due to the Elliott wave cycle extending, it now means that downside moves should be considered as countertrend. The MA on the RSI does warn that momentum is supported, but the RSI is moving below its MA, warning buyside momentum is starting to slow. If we close below and hold below the weekly pivot level (USD 131.90) with the RSI below its MA, then we could see the Fibonacci support zone start to come under pressure. A move below USD 118.94 will warn that the pullback is considered as deep into the last bull wave, meaning that the probability of the futures trading back to a new high will have started to decrease. Due to the intraday divergence, we are cautious on upside moves above USD 135.05 at this point.