



# Iron Ore Offshore Intraday Morning Technical

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## Iron Ore Offshore Feb 24 Morning Technical Comment – 240 Min Chart



	Support	Resistance	Current Price	Bull	Bear
S1	127.20	R1	131.33	Stochastic oversold	RSI below 50
S2	126.41	R2	133.46		
S3	123.85	R3	135.38		

### Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34-55 period EMA's
- RSI is below 50 (33 )
- Stochastic is oversold
- Price is below the daily pivot point USD 131.33
- Technically bearish on Friday, with upside moves still considered to be countertrend. We noted that momentum was starting to conflict, as the MA on the RSI suggested that it was weak, but we had a minor divergence in play warning that it could potentially slow down. We had achieved the 100% projection of the bearish flag. We highlighted a Bloomberg headline - China's Worst Deflation Streak in 14 Years Puts Pressure on PBOC. Which brought into question. Is this a correction, or are we seeing a rebalance due to deflation pressure, that could be warning that we are at the start of a much larger corrective cycle? It was a bit early to tell at this point, but it would be hard to see DCE iron ore maintaining at elevated levels for too long if we were in a deflationary environment. The futures had a small move higher but rejected the daily pivot resistance, resulting in the futures making a new low. Price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 131.33 with the RSI at or above 38 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 137.98 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is starting to flatten whilst we have another positive divergence in play, not a buy signal it is warning that we have the potential to see a momentum slowdown which will need to be monitored. Lower timeframe Elliott wave analysis is indicating that we have a five-wave pattern lower that is trading on the 61.8% Fibonacci projection level, warning that we could potentially be nearing exhaustion for this phase of the cycle. However, the move lower looks to be a corrective wave A, suggesting any upside move has the potential to be a countertrend wave B at this point, making USD 137.98 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

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