

FIS Iron Ore Offshore

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

Iron Ore Feb 24 (rolling Front Month)



	Support	Resistance	Current Price	Bull	Bear
S1	128.65	R1	129.90	Stochastic oversold	RSI below 50
S2	121.27	R2			
S3	119.31	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55-period EMA's
- RSI is below 50 (46)
- Stochastic is oversold
- Price is above the weekly pivot point (USD 128.65)
- Technically bearish last week, the futures and the RSI have both broken trend support. The MA on the RSI indicated that momentum remained weak, whilst the RSI was making new lows. This suggested that upside moves look like they would be countertrend, making USD 138.32 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. Based on the momentum indicators and the futures breaking fractal support, the USD 126.00 level was vulnerable from a longer-term perspective. However, a note a caution as the 4-hour intraday RSI was now in divergence, not a buy signal, it warned that we could see a momentum slowdown on the lower timeframe. The futures traded to a low of USD 124.55 before finding bid support on the back of the intraday divergence. We remain below the EMA support band with the RSI above 50.
- Upside moves that fail at or below USD 137.05 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with price moving higher on the intraday divergence. The MA on the RSI continues to suggest that momentum remains weak, with our Elliott wave analysis suggesting upside moves should be considered as countertrend, making USD 137.05 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease, warning the USD 143.50 fractal high could come under pressure. This is based on the move lower consisting of a 5-wave intraday move, implying it is a bearish impulse corrective wave A, which in turn should be followed by a countertrend wave B (move higher). The futures have opened on the trend resistance, if we close above it (currently USD 129.65), then we could see resistance levels come under pressure. We also noted in the morning report that the weekly candle was trading back above its 200-period MA; what was initially a bullish rejection candle this morning, has closed as a Doji cross (above the average), implying indecision in the market. A move above that closes above the high of this candle (USD 131.50), will again warn that we could be entering the Elliott wave B. There are warning signs that we could see a move to the upside, which could put the USD 137.05 resistance in focus. If we fail to close above the trend resistance, then support levels will remain vulnerable.

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