



Iron Ore Offshore Intraday Morning Technical

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Iron Ore Offshore May 24 Morning Technical Comment – 240 Min Chart



	Support	Resistance	Current Price	Bull	Bear	
S1	116.27	R1	117.30	RSI above 50	Stochastic overbought	
S2	112.53	R2				125.96
S3	109.06	R3				127.15

Synopsis - Intraday

- Price is above the 34-55 period EMA's
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 116.27
- The upside move in the futures yesterday had created an Elliott wave extension, meaning we had the potential to trade as high as USD 125.96 within this phase of the cycle; however, the new high had created another negative divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown which needed to be monitored. If we closed the session back above the weekly pivot level (USD 114.15) it would warn that we could move higher in the near-term. However, due to the divergence, the technical suggests caution on upside moves at this point, as they could struggle to hold. The futures traded to a high of USD 120.15 before selling lower for the remainder of the Asian day session. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side, as the RSI was above its average on the previous candle close.
- A close on the 4-hour candle below USD 116.27 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 112.53 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have traded to a new high; however, the RSI is not replicating the highs, meaning we remain in divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown which will need to be monitored. Our intraday Elliott wave analysis is suggesting that we have the potential to trade as high as USD 125.96 within this phase of the cycle; However, we remain cautious on upside moves due to the divergence in play, as it suggests that upside moves could struggle to hold. If we trade below the USD 112.53 level, then the probability of the futures trading to a new high within this phase of the cycle will start to decrease. A cautious bull.

Chart source Bloomberg

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