

FIS Iron Ore Offshore

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Iron Ore June 24 (rolling Front Month)



Support	Resistance	Current Price	Bull	Bear
S1	R1	120.75	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 - 55-period EMA's
- RSI is above 50 (57)
- Stochastic is overbought
- Price is above the weekly pivot point (120.07)
- The futures remained in bullish territory last week having held the 200-period intraday MA (currently at USD 114.91). Having held 34-55 period EMA support, the subsequent upside move warned that resistance levels could come under pressure in the near-term; however, we maintained a cautious view on upside breakouts above the USD 120.15 fractal high, as it would create a negative divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. We also had the 200-period MA at USD 120.39 (daily), this added further resistance to the technical. For upside continuation, the futures would need to close above and hold above the USD 120.39 level, and the divergence would need to fail. A close below the weekly pivot level (USD 116.33) would imply that sell side pressure was increasing, meaning support levels could come under pressure. Bullish but not a technical buy, as the technical suggested upside moves could struggle to hold.
- The futures traded to a high of USD 122.90, we did close above the 200-period MA (USD 120.81), but failed to hold above it; however, the daily RSI has made a new high, meaning that the divergence has failed.
- Upside moves that fail at or below USD 127.14 will warn that there is possibly a larger bearish Elliott wave cycle in play. Downside moves that hold at or above USD 116.465 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we remain bullish, the MA on the RSI is flat, implying momentum is neutral. The daily divergence has failed; however, the intraday divergence is still in play and remains prominent. As noted in the morning intraday report, in theory we have the potential to see one more test to the upside. When we look at the daily chart, we have a trend break, and a bearish engulfing candle pattern that closed back below the 200-period MA. This is warning that market sellers are prepared to defend the average at this point. For this reason, although bullish, we maintain our view that the futures are not considered a technical buy at these levels, as upside moves could struggle to hold. A close on the daily candle below the weekly pivot level (USD 120.07) will warn that sell side pressure is increasing, meaning support levels could be tested and broken. Below USD 116.46, the probability of the futures trading to a new high will start to decrease.

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