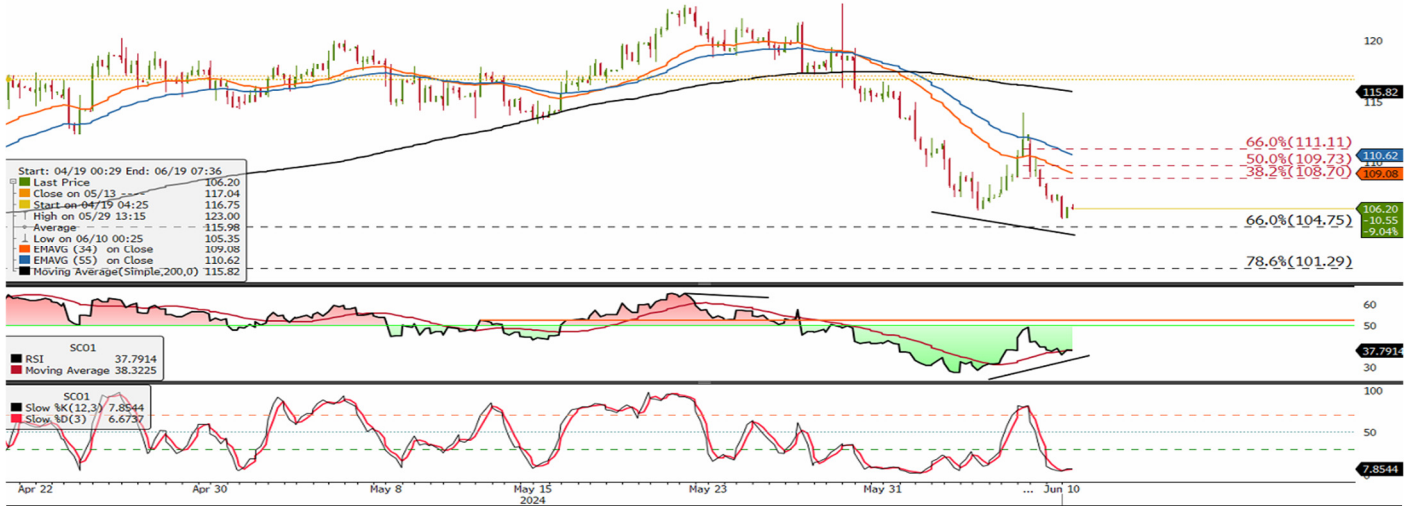




Iron Ore Offshore Intraday Morning Technical

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



	Support	Resistance	Current Price	Bull	Bear
S1	104.75	R1	108.70	Stochastic oversold	RSI below 50
S2	101.29	R2	109.73		
S3	95.40	R3	110.02		

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34-55 period EMA's
- RSI is below 50 (37)
- Stochastic is below 50
- Price is below the daily pivot point USD 110.02
- The upside move in the Asian day session on Friday had failed to hold, resulting in a rejection candle, followed by a bearish candle closing below the low of the recent high candle. This warned of sell side pressure at higher levels, meaning support levels were starting to look vulnerable; however, we need to see price and momentum become aligned to the sell side for downside continuation. As previously noted, our view based on lower timeframe Elliott wave analysis suggested that the current move higher looked like it will be countertrend.
- The futures have traded to new lows with price and momentum aligned to the sell side. We are 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 110.02 with the RSI at or above 40.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 111.11 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 104.75 will imply that there could be a higher timeframe bullish Elliott wave cycle in play. If broken, then the USD 95.40 fractal low will start to look vulnerable.
- Technically bearish, the move below USD 106.05 means that we have a positive divergence in play, not a buy signal, it is a warning that we could see a momentum slowdown which needs to be monitored. However, if we continue to move lower and trade below the USD 104.75 support, it will imply that the probability of the futures trading to a new high will start to decrease. If the divergence also fails, then we are looking at some form a bearish wave extension. We highlight this as we have a daily bearish rejection candle followed by downside continuation, implying higher timeframe price action looks weak at this point. Here and now, we have a note of caution due to the intraday divergence in play, making USD 111.11 the key resistance to follow.

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