

FIS Iron Ore Offshore

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

Iron Ore June 24 (rolling Front Month)



Support		Resistance		Current Price	Bull	Bear
S1	106.53	R1	110.81	107.65	Stochastic oversold	RSI below 50
S2	104.75	R2	113.12			
S3	101.28	R3	116.25			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55-period EMA's
- RSI is above 50 (42)
- Stochastic is oversold
- Price is above the weekly pivot point (106.53)
- Technically we remain bullish on the last report (24/05), the MA on the RSI was flat, implying momentum was neutral. The daily divergence had failed; however, the intraday divergence was still in play and remained prominent. As noted in the morning intraday report, in theory we had the potential to see one more test to the upside. However, when we looked at the daily chart, we had a trend break, and a bearish engulfing candle pattern that closed back below the 200-period MA. This warned that market sellers were prepared to defend the average. For this reason, although bullish, we maintained our view that the futures are not considered a technical buy at those levels, as upside moves could struggle to hold. A close on the daily candle below the weekly pivot level (USD 120.07) would warn that sell side pressure was increasing, meaning support levels could be tested and broken. Below USD 116.46, the probability of the futures trading at a new high would start to decrease.
- The futures sold USD 17.00 lower before finding light bid support, we are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD 116.25 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the move below USD 104.75 indicates that the probability of the futures trading to a new high has started to decrease; however, we have seen a move higher in recent days on the back of a positive divergence with the RSI. The MA on the RSI implies momentum is weak (the RSI is testing the MA resistance, circled), whilst we have a small rejection candle (also circled) indicating we could be about to move lower. If we close below the weekly pivot level (USD 106.53), it will warn that sell side pressure is increasing, meaning the USD 103.35 fractal low could come under pressure. A new low will signal a wave extension within the existing trend, or a new lower timeframe wave cycle. However, we will not know which unless we break the fractal low. If we do trade above USD 116.25 the upside move will be deep into the last bear wave, implying caution on downside moves.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com