



LME Steel HRC FOB China

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LME Steel HRC FOB China Generic 2nd Weekly (April)



	Support	Resistance	Current Price	Bull	Bear
S1	451	R1	472		RSI below 50
S2	431	R2			
S3	401	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 50—60 period EMA's
- RSI is below 50 (43)
- Stochastic is below
- Weekly Pivot level— Previous weeks Hi+Lo+Close/3 (USD 472)
- Upside moves in the futures have failed to hold above the weekly 60-period EMA (Exponential Moving Average) for any period on time since March 2022. The recent upside move to USD 492 rejected the 30-period EMA, resulting in a small move lower.
- Although the futures have been in a bearish trending environment for over two years, the last dominant move in this technical was the upside move between Sep—Oct 23 to a high of USD 558.5. This move resulted in the futures trading above the USD 545.5 fractal resistance, meaning the technical is theoretically bullish based on price, only below USD 451 is it considered as 'technically' bearish again. However, the subsequent move lower is considered as deep into the last bull wave, meaning the probability of the futures trading to a new high has decreased.
- This technical is considered as bullish but with a neutral bias (due to the depth of the pullback), downside moves below USD 451 will mean the futures are back in bearish territory. However, a new low will create a positive divergence with the RSI (Relative Strength Index), not a buy signal, it is a warning that we could see a momentum slowdown. The divergence will need to be monitored, as it suggests caution on a downside breakout below USD 451 (a positive divergence is created when price is making a new low but the momentum indicator is not). The futures are trading on the weekly pivot level USD 472, meaning price is in balance, whilst just above the short - term moving average (Black line USD 469). Technically, due to the depth of the pullback, the USD 451 low is vulnerable; however, as noted, we are cautious on downside breakouts below this level as price will become divergence with momentum.

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