



North European Hot-Rolled Coil Steel

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North European Hot-Rolled Coil Steel - Generic 2nd (May) Daily



Support	Resistance	Current Price	Bull	Bear
S1	R1	622		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 50—60 period EMA's
- RSI is below 50 (42)
- Stochastic is at 50
- Weekly Pivot level (EUR 637)
- We were bearish but holding the EMA support band on the last report, whilst price was moving above the weekly pivot level (USD 641). We noted that if we closed above and held above USD 641, it would warn that the USD 660 fractal high could be tested and broken. However, we had a note of caution on upside breakouts, as the new high would create a negative divergence with the RSI; not a sell signal, it warned that buy-side momentum could slow down. We are cautious on moves higher as the technical suggests that upside moves could struggle to hold.
- The futures failed to close above the USD 641 level, resulting in price selling lower. We are below the EMA support band with the RSI below 50.
- Downside moves that hold at or above EUR 594 will support a longer-term bull argument, below this level, the probability of there being a larger bullish Elliott wave cycle in play will start to decrease. Likewise, upside moves that fail at or below USD 644 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum is weak. Both price and the RSI are making new lows, warning upside moves have the potential to be countertrend. If we do trade above the USD 644 level then the probability of the futures trading to a new low will start to decrease. The consolidation phase over the last 5 weeks has resulted in price selling lower on the 23/04, suggesting that we have been witnessing some distribution in the market, warning we are still vulnerable to further test to the downside.

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