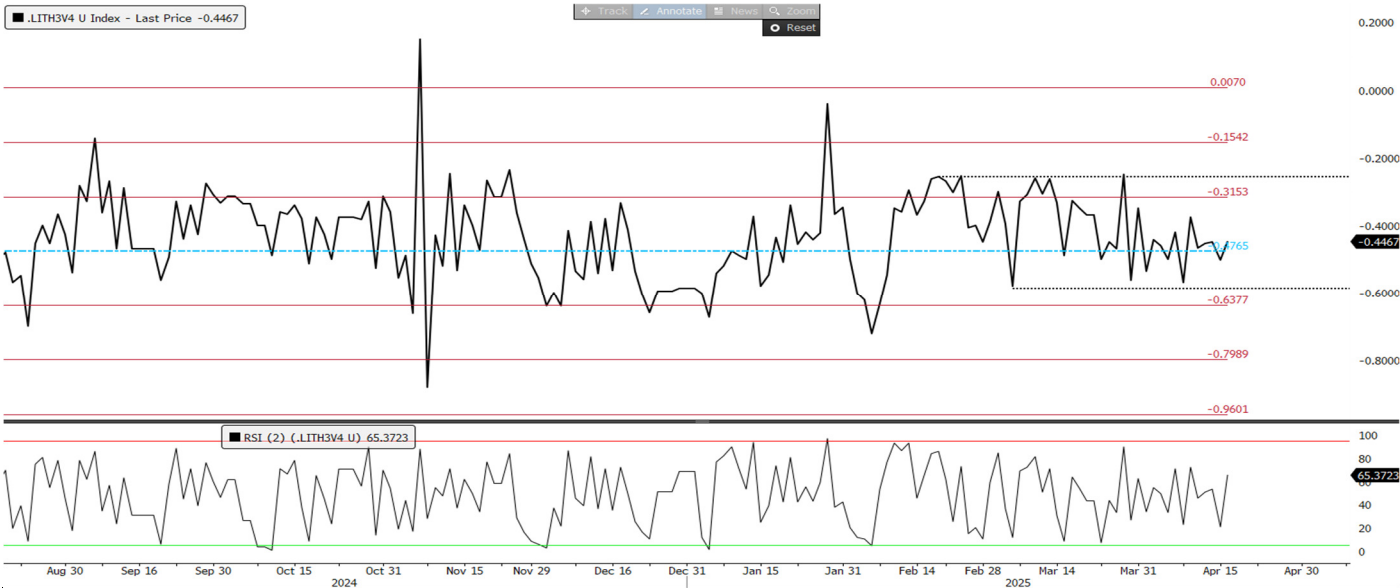


Lithium Q3 v Q4 Spread 25 (Daily)



Support		Resistance		Close Price	Bull	Bear
S1	-0.58	R1	-0.31	- 0.44		
S2	-0.63	R2	-0.25			
S3	-0.79	R3	-0.15			

Synopsis - Intraday

Source Bloomberg

- Price is above Mean value
- 2—period RSI is above 50 (65)
- We noted on the last report that the RSI was seeing lower highs, warning we could be about to mean revert back to the range average value (USD –0.46) and potentially as low as USD –0.60.
- The spread initially sold to a low of USD –0.50 before trading up to and rejecting the USD –0.25 resistance, resulting in price trading to a low of USD –0.56.
- As noted previously, this spread is a mean reversion play that tends to stay within 2 standard deviations of the mean value; however, on occasions the it can breach 3 standard deviations.
- The 2-period RSI is currently at 65, we are using it to highlight short term over extensions, alongside price. The RSI needs to be used alongside the standard deviation, as momentum above 95 or below 5 does not necessarily mean it is overbought or oversold.
- From a technical perspective, we seem to be establishing a range between USD –0.58 and USD –0.25. The spread is currently trading just above the range value (USD - 0.47), whilst the 2-period RSI at 65, warning we may struggle to reach the USD –0.25 resistance in the near-term. If we do trade outside of the range values, expect buying support around USD – 0.63 and selling interest at USD – 0.15.