



LME Steel HRC FOB China

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



Support	Resistance	Current Price	Bull	Bear
S1	R1	453	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 50—60 period EMA's
- RSI is below 50 (39)
- Stochastic is oversold
- Weekly Pivot level— Previous weeks Hi+Lo+Close/3 (USD 462)
- Technically bullish but with a neutral bias on the last report (due to the depth of the pullback), downside moves below USD 451 would mean the futures were back in bearish territory. We noted that a new low will create a positive divergence with the RSI (Relative Strength Index), not a buy signal, warned that we could see a momentum slowdown. The divergence would need to be monitored, as it suggested caution on a downside breakouts below USD 451 (a positive divergence is created when price is making a new low but the momentum indicator RSI is not). The futures were trading on the weekly pivot level USD 472, meaning price was 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 was vulnerable; however, as noted, we were cautious on downside breakouts below this level as price would become divergent with momentum.
- The futures have sold lower with price below the current weekly pivot level (USD 462). We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 523 will leave the futures vulnerable to further test to the downside, above the level the technical will be back in bullish territory.
- We remain bullish with a neutral bias, meaning the probability of price trading to a new high continues to decrease. The futures are below the short term average and the weekly pivot point, suggesting the USD 451 fractal low will be tested and broken; if it is, then the technical will be bearish. However, as noted on the previous report, we continue to have a note of caution on downside breakouts, as this will create a positive divergence with the RSI, warning sell side momentum could slowdown.

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