



North European Hot-Rolled Coil Steel

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



Support		Resistance		Current Price	Bull	Bear
S1	581	R1	613	585	Stochastic oversold	RSI below 50
S2	566	R2	622			
S3	560	R3	634			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30—60 period EMA's
- RSI is below 50 (35)
- Stochastic is oversold
- Weekly Pivot level (EUR 594)
- Technically bearish on the last report, the move below the EUR 594 support meant that the probability of their being a larger, bullish Elliott wave cycle in play had started to decrease. Near-term price action was supported with price above the faster moving average (black line); however, intraday Elliott wave analysis continued to suggest that upside moves should be considered as countertrend, making EUR 636 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. A close on the daily candle below EUR 606 would indicate that sell side pressure is increasing, warning the EUR 590 fractal low could be tested and broken. Based on the RSI making new lows with price, alongside our intraday Elliott wave analysis, we remained cautious on moves higher at this point.
- The futures traded to a high of EUR 616 before entering into a corrective phase, resulting in price trading below both the EUR 606 level and the EUR 590 fractal low. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below EUR 634 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 is now starting to turn higher, whilst the futures are in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored going forward. However, our intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, making EUR 634 the key resistance to follow. Upside moves above this level will be considered as deep into the last bear wave, warning that the probability of the futures trading to a new low will start to decrease. We are bearish, however, due to the divergence in play, we have a note of caution on moves lower at these levels.

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