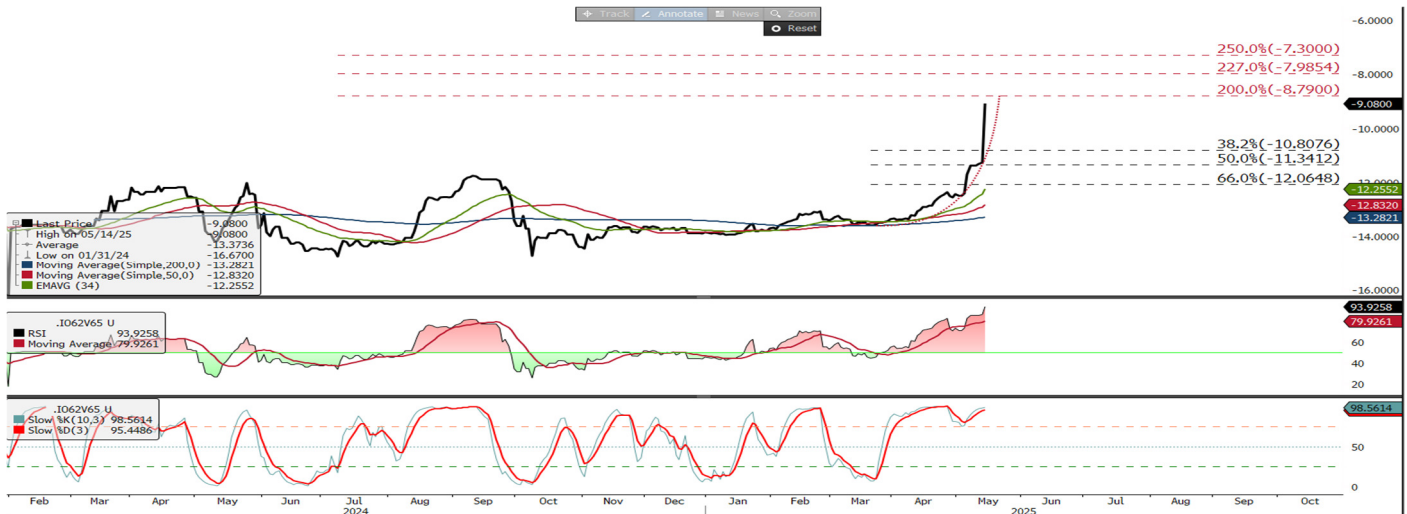




Iron Ore Offshore 62 V 65 Technical

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Iron Ore Offshore June 62 V 65 Spread Daily Technical



Support		Resistance		Current Price	Bull	Bear
S1	-10.80	R1	-8.79	-9.08	RSI above 50	Stochastic overbought
S2	-11.34	R2	-7.98			
S3	-12.06	R3	-7.30			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 34—period EMA 50 period SMA's
- RSI is above 50 (93)
- Stochastic is overbought
- Technically bullish on the previous report, the futures were in divergence with the RSI, warning buy-side momentum could slow. The spread had already moved lower on the divergence; we noted that if we closed below USD - 12.62 (8-period EMA *not shown on chart*) it would warn that the USD - 12.95 Fibonacci support could be tested and broken. If it is, then the probability of price trading to a new high would start to decrease, leaving the USD 13.15 fractal low vulnerable. Due to the divergence in play, we remain cautious on upside moves at this point.
- The April priced out with the May breaking to the upside, resulting in the negative divergence failing, the active contract is now June. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD - 12.06 will support a bull argument, a close below this level will mean the technical will have a neutral bias.
- Technically bullish, the upside breakout has gone parabolic creating a 31% mean reversal gap with the 200-period MA (USD - 13.28). Although the move is considered as bullish impulse, supported by the RSI making new highs, suggesting downside moves should be considered as countertrend. The means reversal gap and parabolic curve are warning that the spread is overextended to the upside, leaving price vulnerable to a move lower. A cautious bull.

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