

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



Support	Resistance	Current Price	Bull	Bear
S1	R1	449.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30—60 period EMA's
- RSI is below 50 (39)
- Stochastic is oversold
- Weekly Pivot level— Previous weeks Hi+Lo+Close/3 (USD 452)
- We remain bullish with a neutral bias on the previous report, meaning the probability of price trading to a new high continued to decrease. The futures were below the short term average and the weekly pivot point, suggesting the USD 451 fractal low would be tested and broken; if it was, then the technical would be bearish. However, as noted on the previous report, we continued to have a note of caution on downside breakouts, as this would create a positive divergence with the RSI, warning sell side momentum could slowdown.
- The futures sold to a low of USD 445 before finding light bid support, meaning the technical is now bearish. Price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 476 will leave the futures vulnerable to further test to the downside, above the level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that we have light momentum weakness. Fibonacci projection levels suggest that we have the potential to trade as low as USD 428 within this phase of the cycle; however, the new low means the weekly technical is now in divergence. Not a buy signal it is a warning that we could see a momentum slowdown, which will need to be monitored. With the futures now in divergence, we are cautious on downside breakouts below USD 445, as the technical is warning that they could struggle to hold.