

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



Support	Resistance	Current Price	Bull	Bear
S1	R1	455.5	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 (43)
- Stochastic is oversold
- Weekly Pivot level— Previous weeks Hi+Lo+Close/3 (USD 457)
- Technically bearish on the previous report, the MA on the RSI implied that we had light momentum weakness. Fibonacci projection levels suggested that we had the potential to trade as low as USD 428 within this phase of the cycle; however, the new low meant that the weekly technical was in divergence. Not a buy signal it warned that we could see a momentum slowdown, which needed to be monitored. With the futures in divergence, we are cautious on downside breakouts below USD 445, as the technical is warning that they could struggle to hold.
- The futures traded to a high of USD 475 before seeing a bearish weekly open on Monday. We are below the EMA resistance band with 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 futures have rejected the USD 476 resistance last week, whilst the open on Monday was below the middle of last weeks range (USD 466), warning of technical weakness. If we close the week below USD 457 it will indicate that sell side pressure is increasing, warning the USD 445 fractal low could come under pressure. We are seeing signs of technical weakness based on the open below the USD 466 level, warning we could move lower; however, we continue to highlight the positive divergence in play, meaning we are cautious on downside breakouts below USD 445. An upside rejection into a divergence means we are more neutral this week.