

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



Support		Resistance		Current Price	Bull	Bear
S1	558	R1	571	562	Stochastic oversold	RSI below 50
S2	547	R2	592			
S3	534	R3	603			

### Synopsis - Intraday

Source Bloomberg

- Price is below the 30—60 period EMA's
- RSI is below 50 (30)
- Stochastic is oversold
- Weekly Pivot level (EUR 573)
- Technically bearish on the last report, the MA on the RSI was starting to turn higher, whilst the futures were in divergence with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored going forward. However, our intra-day Elliott wave analysis continued to suggest that upside moves should be considered as countertrend, making EUR 634 the key resistance to follow. Upside moves above this level would be considered as deep into the last bear wave, warning that the probability of the futures trading to a new low would start to decrease. We were bearish, however, due to the divergence in play, we had a note of caution on moves lower at these levels.
- The futures have continued to sell lower with the divergence on the daily chart failing. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below EUR 617 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 implying we have light momentum weakness, whilst the RSI is making new lows, suggesting upside moves have the potential to be countertrend. This is supported by our Elliott wave analysis, as we noted previously that upside moves could struggle to hold, at this point we have not seen a technical pullback. A close that holds above the linear regression line (EUR 571) will warn that buy-side pressure is increasing, meaning we could see the Fibonacci resistance zone come under pressure. However, whilst below USD 617 we are cautious on moves higher; if broken, then the probability of price trading to a new low will start to decrease.

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