



North European Hot-Rolled Coil Steel

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



Support	Resistance	Current Price	Bull	Bear
S1	R1	541	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 (32)
- Stochastic is oversold
- Weekly Pivot level (EUR 544)
- Technically bearish on the last report, the futures were finding bid support with price above the linear regression line (EUR 556). Our Elliott wave analysis suggested that upside moves should be countertrend, this was supported by the RSI making new lows. Fibonacci resistance started at EUR 581, whilst EUR 579 was 2 standard deviations above the linear regression line. We noted that upside moves around this resistance zone could struggle to hold, as the regression resistance suggested price would start look overextended to the upside (note: EUR 585 was a consolidation support, suggesting this could also act as a resistance). The futures were finding bid support, however, we had a note of caution on moves higher as we approach the EUR 579—EUR 581 resistance area.
- The futures traded to a high of EUR 57 before entering a corrective phase and selling to a new low. We are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below EUR 558 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the new low has created a positive divergence with the RSI, not a buy signal it is a warning we could see a momentum slowdown, which will need to be monitored. The upside move in the futures was deep enough to qualify as the Elliott wave pullback that we were looking for, making EUR 558 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. Upside moves above EUR 570 will be considered as bullish. Fibonacci projection levels suggest we have the potential to trade as low as EUR 496 within this phase of the cycle; however, due to the divergence, we are now cautious on lower moves at these levels, as they could struggle to hold.

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