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LME Steel HRC FOB China

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



Support		Resistance		Current Price	Bull	Bear
S1	438	R1	453			
S2	428	R2	463	453.5	Stochastic oversold	RSI below 50
S3	415	R3	475			

Synopsis - Intraday

Source Bloomberg

- Price is between the 30—60 period EMA's
- RSI is below 50 (44)
- Stochastic is oversold
- Weekly Pivot level (USD 442)
- Technically bearish on the previous report, the new low meant that we had two positive divergences in play. Although they were not buy signals, they warned that we could see a momentum slowdown, which needed to be monitored. Due to the divergences, the futures were not considered a 'technical' sell at these levels; however, we were not seeing buy signals at that point. If we saw a weekly close above USD 445, it would warn that buyside pressure is increasing. Neutral.
- The futures failed to sell lower with price now testing the base of the Fibonacci resistance zone. We are between the 30-60 period EMA's with the RSI below 50.
- Upside moves that fail at or below USD 463 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 are finding bid support on the back of the divergences highlighted on the previous report. Price is above the weekly pivot level (USD 442) indicating buyside pressure is increasing, warning the USD 475 resistance could be tested. If broken, then the probability of the futures trading to a new low will start to decrease. With the divergences still in play, we continue to be cautious on downside moves at this point.

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