



North European Hot-Rolled Coil Steel

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



Support	Resistance	Current Price	Bull	Bear
S1	R1	593	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30—60 period EMA's
- RSI is above 50 (55)
- Stochastic is below
- Weekly Pivot level (EUR 611)
- Technically bearish on the last report, the new low had created a positive divergence with the RSI, not a buy signal it warned that we could see a momentum slowdown, which needed to be monitored. We noted that the upside move in the futures had been 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 would 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 were cautious on lower moves at those levels, as they could struggle to hold.
- The futures traded higher on the divergence, resulting in the EUR 570 fractal high being broken, meaning the technical is bullish. Price is above the EMA support band with the RSI above 50.
- Downside moves that hold at or above EUR 565 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase; EUR 588 is two standard deviations below the linear regression line. The futures have traded to a low of EUR 590 before finding light bid support, suggesting price is starting to look overextended to the downside. The move to EUR 625 was supported by the RSI, which also made a new high, suggesting downside moves have the potential to be countertrend, making EUR 565 the key support to follow. If broken, the pull back will be considered as deep, meaning the probability of price trading to a new high will start to decrease. Conversely, upside moves that fail at or below EUR 607 will warn that there is further downside within the corrective phase; if broken, market buyer's will look to test the EUR 625 fractal high. Price is currently over extended to the downside, warning resistance levels are vulnerable.

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