



LME Steel HRC FOB China

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



Support		Resistance		Current Price	Bull	Bear
S1	469	R1	489	4,74.5	RSI above 50	Stochastic overbought
S2	463.5	R2	500			
S3	456	R3	519			

Synopsis - Intraday

Source Bloomberg

- Price is between the 30—60 period EMA's
- RSI is above 50 (51)
- Stochastic is overbought
- Weekly Pivot level (USD 473)
- Technically bearish in the last report, the futures are finding bid support on the back of the divergences highlighted previously. Price was above the weekly pivot level (USD 442) indicating buy-side pressure was increasing, warning the USD 475 resistance could be tested. If broken, then the probability of the futures trading to a new low would start to decrease. With the divergence in play, we continued to be cautious on downside moves.
- The futures moved higher with price trading above the USD 475 resistance, meaning the technical is now bullish based on price. We are between the Ema resistance band with the RSI near-neutral at 51.
- Downside moves that hold at or above USD 456 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported at this point. We are finding resistance two standard deviations above the linear regression line (USD 479), implying caution on upside moves in the near-term, as price is potentially a little overextended, leaving it vulnerable to a pullback. At this point, we are running the regression line from high to low; however, the technical is now bullish, if we trade above the USD 488.5, the line will be run from low to high. Market bulls should be cautious on upside moves that fail to trade above the USD 488.5 level, as it will warn that the USD 456 support could come under; this is a key level on the technical, if broken, the probability of price trading to a new high will start to decrease. We are a cautious bull based on the linear regression resistance.

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