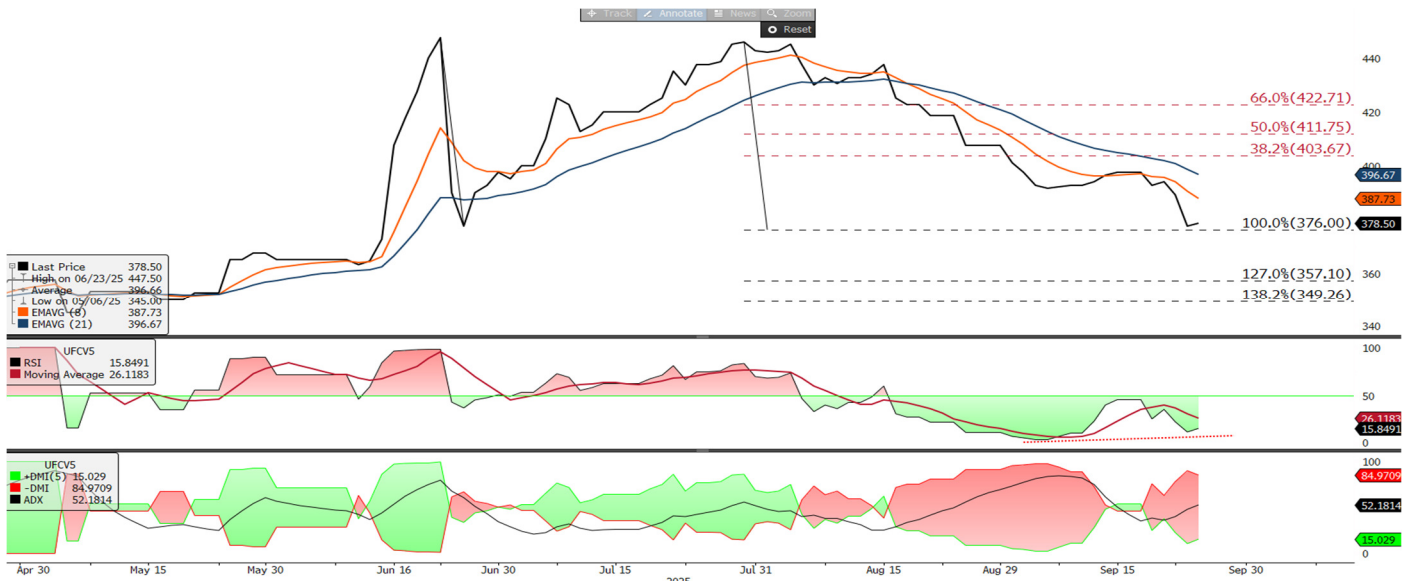




Urea (Granular) FOB US Gulf Futures

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Urea Oct 25



	Support		Resistance	Previous Close	Bull	Bear
S1	376	R1	397.5	378.5		RSI below 50
S2	357	R2	403			
S3	349	R3	411			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55 period EMA's
- 6 - period RSI is below 50 (15)
- 5—period Directional Market Index (DMI) -
- Technically bearish, the futures were consolidating above the 78.6% Fibonacci projection (USD 390). The 6-period RSI at 10 is oversold, whilst the MA on the RSI had flattened; we also note that the ADX line (5-period) was turning lower. Both these indicators warned that sell side momentum is slowing, leaving the futures vulnerable to a move higher. However, the ADX at 82 implied there is strength in the underlying bear trend, whilst the RSI had made new lows, suggesting upside moves should be considered as countertrend, making USD 427 the key resistance to follow. If broken, the probability of the futures trading to a new low would start to decrease. Overextended to the downside in the near-term, momentum suggested that upside moves will struggle to hold.
- The futures traded to a high of USD 397.5 5; however, the upside move failed to hold, resulting in price selling to a low of USD 377.5. We are below all key moving averages supported by the RSI below 50.
- Technically bearish, the MA on the RSI implies momentum remains weak; however, the RSI is now in divergence with the RSI, meaning we are cautious on downside moves at these levels. A 5-wave pattern lower whilst the ADX is at 52 suggests that we could be looking at a complex corrective phase, meaning upside moves are still considered as countertrend, making USD 422 the key resistance to follow. Above this level, the probability of the futures trading to a new low will start to decrease. The divergence suggests caution on downside moves at these levels.

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