

Iron Ore Offshore Nov 25 Morning Technical Comment—240 Min Chart Technical



Support		Resistance		Current Price	Bull	Bear
S1	104.30	R1	105.29	105.15	Stochastic oversold	
S2	103.61	R2	105.82			
S3	102.45	R3	106.53			

Synopsis - Intraday

Chart source Bloomberg

- Price is between the 34 - 55 period EMA's
- RSI is at 50 (50)
- Stochastic is oversold
- Price is below daily pivot level USD 105.74
- Technically bullish with a neutral bias yesterday, the probability of price trading to a new high had started to decrease. The MA on the RSI implied that we had light momentum weakness; however, price was trading around the intraday 200-period MA (USD 105.20), meaning we were at an inflection point. A close that held above the average would indicate that there was an underlying support in the market; conversely, a close that held below it would support a sellers argument. We noted that the technical was news driven. With price on the longer—term average, we had a neutral bias.
- The futures traded to a low of USD 103.60 before finding bid support. We are between the 8-21 period EMA's whilst the RSI is neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 105.74 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 106.53 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Bullish with a neutral bias, the futures have mean reverted back to the intraday 200-period MA (USD 105.23), meaning we remain at an inflection point. There are conflictions on this technical, the Elliott wave cycle looks to have completed, whilst the pullback is considered as deep, implying the probability of the futures trading to a new high has started to decrease. Countering this, open interest remains high, suggesting market longs are holding their positions, supporting this, we have a three wave corrective pattern with wave 1 completing at the 66% level and wave two at the 78.6%. This is not a perfect bullish Gartley pattern, but it is warning that the USD 106.53 resistance could come under pressure. The high open interest is a concern considering the deep pullback, as it suggests that there is an expectation of price moving higher. Open interest suggests that the market looks like it is expecting a bullish Elliott wave extension.