

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



Support		Resistance		Current Price	Bull	Bear
S1	469	R1	481	4,72.5		
S2	463	R2	487			
S3	456	R3	498			

Synopsis - Intraday

Source Bloomberg

- Price is between the 30—60 period EMA's
- RSI is at 50 (50)
- Stochastic is above 50
- Weekly Pivot level (USD 471)
- Unchanged on the technical last week, we remained bullish with the MA on the RSI implying that momentum was still supported. We continued to see resistance two standard deviations above the linear regression line (USD 480), implying caution on upside moves in the near-term, as price will be potentially overextended if tested, leaving price vulnerable to a pullback. As noted previously, we were running the regression line from high to low; however, the technical was now bullish, if we trade above the USD 488.5, the line would be run from low to high. Market bulls should be cautious on upside moves that failed to trade above the USD 488.5 level, as it would warn that the USD 456 support could come under; this was a key level on the technical, if broken, the probability of price trading to a new high will start to decrease. We were a cautious bull based on the linear regression resistance. The technical is bull, price action was neutral.
- The futures traded to a low of USD 469 before seeing light bid support. We remain between the EMA resistance band with the RSI at 50.
- 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 we remain bullish but in a corrective phase, the MA on the RSI implies that momentum is supported; however, the RSI is moving below its average, this will need to be monitored, as it could potentially be an early warning sign of momentum weakness. With the technical in bullish territory we have decided to run the linear regression line from low to high, rather than wait for it to trade above USD 488.5 . A close that holds above the linear regression line (USD 481) will imply that buy-side pressure is increasing, warning the USD 488.5 fractal high could be tested and broken; however, it is imperative that we hold above this level, as this is the 2 stdv level above the bear linear line highlighted previously. Intraday data points are limited, but the lower timeframe Elliott wave cycle is warning that we could see another test to the upside, with the potential to trade as high as USD 498. USD 481 is the level to follow on this technical, we are currently cautious on downside moves.