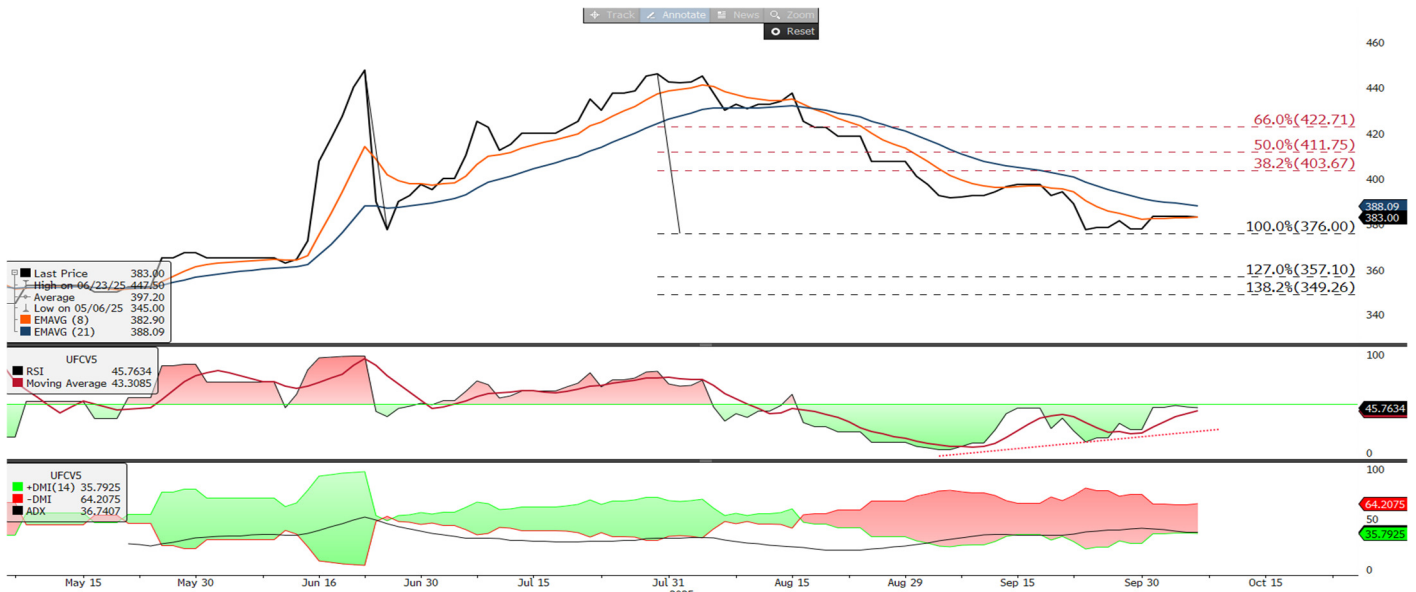




# Urea (Granular) FOB US Gulf Futures

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## Urea Oct 25



Support	Resistance	Previous Close	Bull	Bear
S1	376	R1	403	RSI below 50
S2	357	R2	411	
S3	349	R3	422	

### Synopsis - Intraday

Source Bloomberg

- Price is between the 34 - 55 period EMA's
- 6 - period RSI is below 50 (45)
- 5—period Directional Market Index (DMI) -
- Technically bearish last week, the MA on the RSI implied that momentum remained weak; however, price was in divergence with the RSI, meaning we were cautious on downside moves at these levels. A 5-wave pattern lower whilst the ADX was at 52 suggests that we could be looking at a complex corrective phase, meaning upside moves were 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 would start to decrease. The divergence suggested caution on downside moves at those levels.
- The futures have found light bid support with price trading between the EMA resistance band with the RSI below 50.
- Upside move that fail at or below USD 422 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum is supported. However, as highlighted previously, this looks to be a complex Elliott wave correction, suggesting upside moves should be considered as countertrend. The ADX has dropped to 35, indicating sell side pressure has slowed, warning resistance levels could come under pressure in the near-term. Key resistance is unchanged, above USD 422 the probability of the futures trading to a new low will start to decrease. Due to the divergence in play, we remain cautious on downside moves at these levels, as they could struggle to hold.

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