FIS

North European Hot-Rolled Coil Steel

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North European Hot-Rolled Coil Steel - Generic 2nd (Dec) Daily

Support		Resistance		Current Price	Bull	Bear
S1	628	R1	640	636	RSI above 50	
S2	608	R2	660			
S3	597	R3	684			

Synopsis - Intraday

Source Bloomberg

- Price is above the 30—60 period EMA's
- RSI is above 50 (63)
- Stochastic is above 50
- Weekly Pivot level (EUR 629)
- Technically bullish last week, the MA on the RSI implied that momentum was supported; however, the new high had created a negative divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. Countering this, the ADX was at 33 and rising, warning downside moves could still be countertrend in the near-term, making EUR 593 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease.
- The futures traded to a high of USD 640 before pulling back to USD 624; however, we have since seen bid support resulting in price trading to a high of USD 642, We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above EUR 597 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have seen a small pullback since the USD 642 high was achieved; however, price is finding support on the linear regression line (USD 628). Whilst above, the line resistance levels remain vulnerable; conversely, a close that holds below it will indicate sell side pressure is increasing, warning support level could be tested, making USD 597 the key level to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The pullback between USD 640—USD 624 looks to have been part of a lower timeframe Elliott wave cycle, meaning downside moves are still considered as countertrend at this point. Although bullish, we have seen a pullback on a negative divergence with the RSI, meaning we have a note of caution on upside moves at these levels in the near-term.