

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



Support		Resistance		Current Price	Bull	Bear
S1	616	R1	630	620	RSI above 50	
S2	608	R2	640			
S3	602	R3	660			

## Synopsis - Intraday

Source Bloomberg

- Price is above the 30—60 period EMA's
- RSI is above 50 (52)
- Stochastic is below 50
- Weekly Pivot level (EUR 633)
- Technically bullish last week, the futures had seen a small pullback from the USD 642 high; however, price is finding support on the linear regression line (USD 628). Whilst above the line resistance levels remained vulnerable; conversely, a close that held below it would indicate that sell side pressure was 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 would 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 were still considered as countertrend at that point. Although bullish, we had seen a pullback on a negative divergence with the RSI, meaning we have a note of caution on upside moves at those levels in the near-term.
- The futures sold lower on the negative divergence with the RSI, resulting in price closing below the linear regression line (EUR 630). We are above the EMA support band with the RSI above 50.
- Downside moves that hold at or above EUR 608 (revised higher) will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies the we have light momentum weakness. The move lower on the back of the negative divergence with the RSI means that the futures are trading in the Fibonacci support zone; however, our lower timeframe Elliott wave analysis continues to warn that downside moves have the potential to be countertrend, making EUR 608 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. We should note that EUR 607 is two standard deviations below the linear regression line, suggesting near-term price action will start to look over extended to the downside if the EUR 608—EUR 607 support zone is tested. A close above the linear regression line (EUR 630) will imply buyside pressure is increasing, warning the EUR 642 fractal high could be tested and broken. Technically, resistance levels are vulnerable whilst above the EUR 608 support.

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