

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

Support		Resistance		Current Price	Bull	Bear
S1	104.05	R1	105.30	105.15	RSI above 50	Stochastic overbought
S2	103.66	R2	105.78			
S3	103.12	R3	106.47			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above daily pivot level USD 104.05
- Technically bullish on Thursday, the MA on the RSI was flat, implying momentum was turning neutral; however, our Elliott wave analysis did suggest that downside moves looked to be countertrend, making USD 102.24 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Conversely, upside moves that failed at or below USD 105.30 would warn that there could be a larger, bearish Elliott wave cycle in play. For upside continuation, price was going to need to close and hold above the intraday 200-period MA (USD 104.28)
- The futures remain above the intraday 200-period MA (USD 104.26) with price now breaching the USD 105.30 resistance. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 104.05 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 102.39 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the move above USD 105.30 means that the probability of the futures trading to a new low has started to decrease. However, lower timeframe Elliott wave analysis (on the move higher) has entered a wave 5, whilst our oscillators is in divergence, warning buyside momentum could slow. We have a potential near-term upside target at USD 105.78, but have a note of caution on intraday moves higher at these levels. If the divergence fails, then it will indicate the wave cycle is extending, this will have bullish connotations going forward. Conversely, corrective moves lower that hold at or above 102.39 will warn that there is a larger bullish Elliott wave cycle in play. Although we have broken the USD 105.30 resistance, we are currently cautious on upside moves.