

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



Support		Resistance		Current Price	Bull	Bear
S1	104.69	R1	106.47	105.75	RSI above 50	Stochastic overbought
S2	104.06	R2	107.35			
S3	103.45	R3	107.60			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above daily pivot level USD 104.69
- Technically bullish yesterday, the move above USD 105.30 meant that the probability of the futures trading to a new low had started to decrease. However, lower timeframe Elliott wave analysis (on the move higher) had entered a wave 5, whilst our oscillators were in divergence, warning buy-side momentum could slow. We had a potential near-term upside target at USD 105.78, but had a note of caution on intraday moves higher at those levels. If the divergence fails, then it would indicate the wave cycle was extending, this would have bullish connotations going forward. Conversely, corrective moves lower that held at or above 102.39 would warn that there was a larger bullish Elliott wave cycle in play. Although we had broken the USD 105.30 resistance, we were cautious on upside moves.
- The futures have seen another small move higher, resulting in price breaching our near-term upside target of USD 105.78. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 104.69 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 102.61 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies momentum is supported, warning support levels could hold if tested in the very near-term. However, as highlighted yesterday, the lower timeframe oscillators are in divergence with the RSI, whilst price is on an Elliott wave 5, meaning we remain cautious on upside moves at these levels unless the divergence fails, as this will signal a bullish wave extension.