

FIS Iron Ore Offshore

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Iron Ore Jan 26 (rolling Front Month)



Support		Resistance		Current Price	Bull	Bear
S1	100.85	R1	103.64	103.00		RSI below 50
S2	99.95	R2	105.02			
S3	98.13	R3	106.70			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55-period EMA's
- RSI is below 50 (46)
- Stochastic is at 50
- Technically bearish last week, the intraday technical was bullish; however, we remained below the USD 105.31 resistance, If broken, then the probability of the futures trading it a new low would start to decrease. Conversely, if rejected it would warn that there could be a larger bearish Elliott wave cycle in play (W, X, Y). We remained cautious on downside moves as we had seen a three wave pattern complete; if we traded below USD 102.24 then market buyer's would need to cautious, as it would indicate that sell side pressure was increasing, warning the USD 100.85 fractal low could be tested and broken.
- The futures traded to a high of USD 106.70; however, price has gapped lower on the roll into Jan 26. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 105.02 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The roll means that the futures are back in bearish territory. The Jan contract sold to a low of USD 101.75 before finding bid support, as USD 101.53 is two standard deviations below the linear regression line, we also have the 200-period MA at USD 100.94. A close above the high of the last dominant bear candle (USD 103.35) will indicate that buyside pressure is increasing, warning the USD 105.02 resistance could come under pressure. This is a key resistance on the technical, if broken, then the probability of the futures trading to a new low will start to decrease, further supporting a buyers argument. Conversely, if rejected it will warn that the corrective phase is becoming more complex. The roll has changed the technical footprint a little, as price has gone from overbought to oversold, with little price action in the actual move. We will be cautious on downside moves that look to test the USD 101.53—USD 100.94 support zone, as this area is now likely to attract market buyers.