FIS

Urea (Granular) FOB US Gulf Futures

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Urea Nov 25

Support		Resistance		Previous Close	Bull	Bear
S1	382	R1	399	385		RSI below 50
S2	375	R2	408			
S3	356	R3	419			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55 period EMA's
- 6 - period RSI is below 50 (46)
- 5—period Directional Market Index (DMI) -
- Technically bearish last week, the MA on the RSI implied that momentum was supported at that point, warning resistance levels remained vulnerable. We noted that if the RSI started moving below its MA, it would indicate that sell side pressure was increasing, warning support levels could come back under pressure. We maintained our view that we looked to be in a complex Elliott wave correction, meaning upside moves should in theory be countertrend. However, above USD 419 the probability of the futures trading to a new low would start to decrease, warning there was a higher probability of the bearish cycle failing.
- The futures have sold lower with the RSI moving below its average. Price is below the EMA resistance band with the RSI below 50.
- Upside moves that fail at or below USD 419 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Conversely, downside moves that hold at or above USD 382 will support a near-term buyer's argument.
- Technically bearish, the futures remain in a corrective phase having rejected the USD 399 Fibonacci resistance. The RSI is below 50 whilst the MA on the RSI implies that momentum is weak, warning the USD 382 support could be tested an broken. If it is, then market sellers will target the USD 373.5 fractal low. Conversely, if we hold above this level it will imply that there is buyside support in the market, meaning resistance levels could come back under pressure. As highlighted previously, the technical looks to be in a complex corrective phase, suggesting upside moves should be considered as countertrend at this point, whilst momentum is weakening warning support levels are becoming vulnerable. The EMA band is now flat, whilst the ADX is below 20, suggesting the technical lacks near-term directional bias, warning the EMA's are less likely to be respected.