

Lithium Q1 26 (Daily)



Support		Resistance		Close Price	Bull	Bear
S1	12.66	R1	14.15	13.81	RSI above 50	Stochastic overbought
S2	12.30	R2	14.75			
S3	11.82	R3	15.07			

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 period EMA and 50-period SMA
- 21—period RSI is above 50 (77)
- ADX at 25 implies we are in a trending environment
- Technically bullish last week, the MA on the RSI implied that we had light momentum support, whilst the DMI had produced a bullish cross whilst the ADX was below 15, warning the USD 11.77 could be tested and broken. We noted that this was the key resistance on the technical, if broken, market buyer’s would look to test the USD 12.28 fractal high. Conversely, if rejected, it would signal that the corrective phase had the potential to become more complex, leaving support levels vulnerable. We were seeing momentum support via the DMI/ADX and 21 period RSI/MA; however, the 6-period RSI was at 75 with resistance between 81-86, meaning price needed to breach that USD 11.77 level. If we pulled back and held above the USD 11.06 level, it would indicate that there was an underlying bullish support growing in the market.
- The furfures have seen a strong move higher resulting in the USD 11.77 and USD 12.28 fractal resistance levels being broken. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 11.82 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported. The strength of the upside breakout has the potential to be significant, as it signals that we are seeing an Elliott wave extension (i.e. there is a larger bull cycle in play). We are working with single point data (lacks clarity, harder to read); however, our Elliott wave analysis suggests that we are on a bullish Elliott wave 3 of a higher timeframe wave 3, meaning downside moves should be considered as countertrend on both timeframes, making USD 11.82 the key near-term support to follow. Whilst above this level resistance levels remain vulnerable; if broken, then the depth of the pullback will be considered as deep, meaning that the probability of the fu-tures trading to a new high will start to decrease. The ADX is rising whilst moving above 25, with the 21 period RSI making new highs; momentum supports our wave analysis, as it also suggests that downside moves should be considered as countertrend. The 6-period RSI is overextended at 95 meaning we could see a technical throwback in the near-term; however, slower moving momentum indicators indicate that downside moves should find buyside support at lower levels. Bullish. (<https://elliottwave-forecast.com/elliott-wave-theory/>)

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