

Urea Jan 26



Support	Resistance	Previous Close	Bull	Bear
S1	R1	355		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (36)
- 14—period Directional Market Index (DMI) -
- Technically bearish on the last report, the MA on the RSI implied that momentum was weak. This was supported by the ADX at 30, which indicated that the futures were in a trending environment, warning support levels remained vulnerable. However, we were looking at a 3-wave pattern lower; working on the basis that A-B = C-D, we had a 100% Fibonacci projection level at USD 347. We noted that this had the potential to be an area of interest to market buyers, as 100% projection levels could be linked to exhaustion patterns. Momentum indicators implied weakness, from a technical perspective, market sellers should be cautious the closer we got to the USD 347 level. Upside moves above USD 388 would be considered as deep into the last bear wave, warning the probability of the futures trading to a new low would then start to decrease.
- The futures sold to a low of USD 350 before finding light bid support. We remain below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 386 will warn that there is the potential for further downside within this corrective phase. Above this level the technical will have a neutral bias.
- Technically we remain bearish with the MA on the RSI implying we have light momentum weakness. However, price has found light bid support just above the USD 347 level, leaving price vulnerable to a move higher. The ADX is at 34 implying we remain in a bearish trending environment, warning upside moves still have the potential to be countertrend at this point, making USD 386 the key resistance to follow. Upside moves that fail at or below this level will leave support levels vulnerable; conversely, above this level the probability of the futures trading to a new low will start to decrease. We are a cautious bear at these levels due to the USD 347 support, as the A-B = C-D pattern is an area that could attract market buyers.

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