

Iron Ore Offshore Feb 26 Morning Technical Comment—240 Min Chart

Support	Resistance	Current Price	Bull	Bear
S1	107.22	R1	109.05	
S2	106.62	R2	109.75	RSI above 50
S3	106.06	R3	110.40	Stochastic overbought

Synopsis - Intraday

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (68)
- Stochastic is overbought
- Price is above daily pivot level USD 106.06
- Technically bullish yesterday, the new high meant that the futures were in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. Key support was at USD 105.00, below this level the probability of the futures trading to a new high will start to decrease. A cautious bull due to the divergence in play.
- The futures have seen a strong move higher, signaling there is a larger bullish Elliott wave cycle now in play, the divergence has failed. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 106.06 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 105.81 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside moves yesterday resulting in the divergence failing, the RSI high implies that there is a larger bullish Elliott wave cycle in play. The MA on the RSI indicates that momentum is supported, with downside moves considered as countertrend. The futures are now on a higher timeframe wave 3, warning the USD 110.40 resistance should be tested and broken. We are basing this on wave theory, as wave 3 can never be the shortest wave, whilst in commodities the 5 is often the longest, suggesting the current wave will be greater in length than the initial move from the USD 100.25 low, to the USD 106.55 high. We also note that the recent upside move has volume support that is greater than the wave 1, supporting our theory that this is a bullish impulse wave 3.

Chart source Bloomberg