

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

Support	Resistance	Current Price	Bull	Bear
S1	107.22	R1	108.25	
S2	106.62	R2	108.70	
S3	106.06	R3	109.75	Stochastic overbought

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (60)
- Stochastic is overbought
- Price is below daily pivot level USD 108.25
- Technically bullish yesterday, the upside move previously resulted in the divergence failing, the RSI high implied that there was a larger bullish Elliott wave cycle in play. The MA on the RSI indicated that momentum was supported, with downside moves considered as counter-trend. The futures were on a higher timeframe wave 3, warning the USD 110.40 resistance should be tested and broken. We were basing this on wave theory, as wave 3 could never be the shortest wave, whilst in commodities the 5 is often the longest, suggesting the current wave would be greater in length than the initial move from the USD 100.25 low, to the USD 106.55 high. We also noted that the recent upside move had volume support that was greater than the wave 1, supporting our theory that this is a bullish impulse wave 3.
- The futures have entered a corrective phase in the Asian day session, we remain above all key moving averages supported by the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 108.25 with the RSI at or below 59 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Downside moves that hold at or above USD 105.90 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI continues to suggest that momentum is supported at this point. Lower timeframe Elliott wave analysis implies that we are in a corrective wave 4 of the higher timeframe wave 3, meaning downside moves should be considered as counter-trend, making USD 105.90 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Conversely, upside moves that fail at or below USD 108.70 will warn that there could be further downside within the corrective phase. Based on our Elliott wave analysis, we remain cautious on downside moves at this point, as resistance levels remain vulnerable.