

Iron Ore Offshore Feb 26 Morning Technical Comment—240 Min Chart**Synopsis - Intraday**

Chart source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (56)
- Stochastic is below 50
- Price is below daily pivot level USD 109.01
- Technical Outlook - Cautious Bull. The recent intraday rally had resulted in price testing but not breaching the USD 109.40 fractal high yesterday, we noted that above USD 109.40 price will be divergent with the RSI, warning buyside momentum could ease. In theory, the lower timeframe Elliott wave analysis had achieved its minimum requirement for wave completion; however, Fibonacci projection levels indicated that we could trade as high as USD 110.62 within this phase of the cycle. As highlighted previously, due to wave structure, our analysis suggested that we should in theory trade above the USD 110.40 level. On the downside, throwbacks that breached the USD 105.90 Fibonacci support would indicate technical weakness, warning the bullish Elliott wave cycle had a greater chance of failing.
- The futures sold to a low of USD 108.10 before consolidating above the EMA support band. The RSI is above 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 109.01 with the RSI at or above 63.5 will mean price and momentum are 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.
- Technical Outlook - Cautious Bull. The intraday throwback continues to hold above the EMA support band, preserving near-term structure; however, the RSI moving average is signaling that momentum is beginning to weaken. As noted previously, futures have already met the minimum requirement for lower-timeframe Elliott Wave completion for this phase of the cycle. That said, since Wave 3 can never be the shortest wave, our expectation remains for price to trade above USD 110.40. While we maintain a cautiously bullish stance, if the current cycle is indeed bullish impulse, then any downside price action should continue to be viewed as countertrend at this stage. On the downside, throwbacks that breached the USD 105.90 Fibonacci support would indicate technical weakness, warning the bullish Elliott wave cycle had a greater chance of failing.