

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



Support		Resistance		Current Price	Bull	Bear
S1	106.75	R1	108.28	107.05	Stochastic oversold	RSI below 50
S2	105.90	R2	108.54			
S3	105.23	R3	109.37			

Synopsis - Intraday

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (48)
- Stochastic is oversold
- Price is below daily pivot level USD 108.28
- Technical outlook: Neutral. We changed our outlook from cautious bull to neutral in the Feb futures yesterday for three reasons. 1) Although the minimum requirements for wave completion had been met, price had not traded above USD 109.40, which would be needed to confirm an Elliott Wave 5. 2) Price had also failed to trade above USD 110.40, raising questions about the strength and nature of the bullish impulse move. We noted that one possibility was that the higher-timeframe Wave 5 may be shorter than Wave 3, which would imply Wave 1 was the longest wave and effectively cap upside potential. While this structure would be unusual, it could not be ruled out. 3) Alternatively, the current price action could still be forming a corrective flat Elliott Wave 4 on the lower timeframe. Lighter volume supported this interpretation.
- The futures have continued to sell lower with price below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 108.28 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. 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.
- Overall, the technical picture lacks clarity at present. The emergence of bullish support candles around the USD 107.35 level would increase the likelihood of the third scenario.
- Technical outlook: Inflection point - Neutral. Futures have traded below the USD 107.35 fractal support but remain above the USD 105.90 Fibonacci level. The nature of the pullback suggests that the move is not forming a flat Elliott wave correction; nevertheless, while price holds above USD 105.90, the broader technical structure remains bullish. A sustained move below USD 105.90 would weaken the integrity of the Elliott wave cycle, at which point the probability of price trading above the USD 109.40 fractal resistance would begin to diminish. The RSI moving averages are warning of momentum weakness. However, an indecision candle has formed at the 50% Fibonacci support on above-average volume, indicating that buyers have stepped in at this level. This places the market near a potential inflection point. On the buy side, a move above USD 108.54 would signal increasing buy-side pressure and imply that the USD 109.40 resistance could be tested and potentially broken. On the sell side, an intraday close below USD 106.80 would suggest downside continuation, bringing the USD 105.90 support into focus. Given the lack of clear directional signals, we maintain a neutral stance.

Chart source Bloomberg