

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



Support		Resistance		Current Price	Bull	Bear
S1	104.10	R1	106.04	104.65	Stochastic oversold	RSI below 50
S2	103.35	R2	106.63			
S3	100.25	R3	107.57			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below daily pivot level USD 106.63
- Technical outlook Thursday: Inflection point - Neutral. Futures had traded below the USD 107.35 fractal support but remained above the USD 105.90 Fibonacci level. The nature of the pullback suggested that the move was not forming a flat Elliott wave correction; nevertheless, while price held above USD 105.90, the broader technical structure remained 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 warned of momentum weakness. However, an indecision candle had formed at the 50% Fibonacci support on above-average volume, indicating that buyers had stepped in at that level. This placed 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 maintained a neutral stance.
- The futures closed below the USD 106.80 level resulting in price trading below USD 105.90 on Friday. Further downside pressure on Monday has resulted in price entering bearish territory due to the breach the USD 104.10 fractal support. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 106.63 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 107.57 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: bearish. The breach in the USD 104.10 support indicates a bearish technical, while the moving average on the RSI implies momentum weakness. Price is trading just below the intraday 200-period MA (USD 104.89) puts the technical at an inflection point. The RSI is testing support but the RSI low warns upside moves have the potential to be countertrend, we identify USD 107.57 the key resistance to monitor. A rejection at or below USD 107.57 will warn of further downside within the corrective phase. Conversely, a break above USD 107.57 will indicate an increase in buy-side pressure, suggesting the technical will struggle to achieve new lows. A close that holds above the intraday 200-period MA will leave warn that the Fibonacci resistance zone could come under pressure in the near-term. The technical suggests caution on intraday higher moves at this point.