

Lithium Q2 26 (Daily)



Support	Resistance	Close Price	Bull	Bear
S1	17.38	R1	21.38	
S2	16.21	R2	22.63	
S3	14.62	R3	23.89	Stochastic overbought

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 period EMA and 50-period SMA
- 21-period RSI is above 50 (86)
- ADX at 52 implies we are in a trending environment
- Technically bullish on the last report, the MA on the RSI implied that momentum was supported; however, the futures were in divergence with the RSI (both 21 and 6-period). Not a sell signal, it warned that we could see a momentum slowdown, leaving price vulnerable to a move lower. Countering this, Fibonacci projections suggested that we had a potential upside target at USD 17.86 for this phase of the cycle. The pullback to USD 14.30 was only 23.6%, although a little shallow, it did look like we could have seen the lower timeframe corrective wave 4. The longer-term Elliott wave cycle did still suggest that downside moves should be considered as countertrend, but with price in divergence, we were cautious on upside moves in the near-term.
- The Q1 futures traded above the USD 17.86 level resulting in the divergence failing, indicating we have seen a lower timeframe bullish Elliott wave extension. We have now rolled to the q2 contract. Price is above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 14.62 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish. Both price and RSI have registered new higher highs, while the ADX at 52 confirms that the market is in a strong trending environment. Elliott Wave analysis supports this view, suggesting that any downside moves should be treated as countertrend, with USD 14.62 identified as the key longer-term support level. A move below USD 14.62 would weaken the technical structure and reduce the probability of the futures extending to new highs. In the near term, momentum appears overextended, with the 6-period RSI at 95 and the 21-period RSI at 86, indicating an increased risk of corrective pullbacks despite the broader bullish trend.