

## Urea March 26 (rolling contract)



Support		Resistance		Previous Close	Bull	Bear
S1	407	R1	422	417.5	RSI above 50	DMI +
S2	401	R2	430			
S3	392	R3	440			

## Synopsis - Intraday

Source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (67)
- 14-period Directional Market Index (DMI) +
- Bearish with a neutral bias last week. The upside move above USD 390 had reduced the probability of price trading back to new lows, making USD 367 the key support to monitor. A break below USD 367 would signal that the technical had re-entered bearish territory, at which point, the USD 352 fractal low would become vulnerable. Conversely, a technical throwback that held above USD 367 would imply the presence of underlying support within the market. The ADX initially declined to 21 but has since recovered to 24.99 on the recent move higher. A sustained move above 25 would suggest the market was transitioning into a trending environment, further supporting a bullish scenario and warning that resistance levels could be tested and potentially broken. Momentum indicators showed strength following a break of key resistance, implying that corrective moves lower should be approached with caution.
- The futures closed at a high of USD 415 on the 15/01/ on the back of the momentum strength, meaning the technical is bullish based on price, we have now looking at the rolling contract (March). We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 401 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Bullish. The recent rally above the USD 403 fractal resistance confirms that the technical is bullish based on price. The ADX at 28 indicates we have entered a trending environment; however, the RSI moving averages suggests that momentum support remains light at this point. Fibonacci projection levels identify a near-term upside target at USD 422. A sustained break above this level would open the door for a move towards USD 440, which represents the 100% Fibonacci projection. On the downside, a move below USD 401 would weaken the near-term technical structure and warn of a potential test of the USD 392 fractal support. A break below USD 392 would shift the price-based technical bias to bearish. That said, corrective throwbacks that hold above USD 374 would continue to underpin the longer-term bullish structure. While the outlook remains bullish, sustained upside continuation from current levels would ideally be confirmed by a close that holds above USD 422, preferably accompanied by the RSI moving average turning higher.