

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



Support		Resistance		Current Price	Bull	Bear
S1	101.94	R1	102.80	102.60		RSI below 50
S2	101.27	R2	103.15			
S3	100.09	R3	103.62			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (43)
- Stochastic is above 50
- Price is below daily pivot level USD 102.80
- Technical Outlook Tuesday: Cautious bear .The move to a new low meant that the futures were in divergence with the RSI, not a buy signal it is warned that sell side momentum could slow down. Fibonacci projection levels suggested that we have a potential downside target at USD 101.27; however, USD 102.00 was the daily 200-period MA. With price on the daily average while in divergence on the intraday technical, we advised a cautious approach to lower moves at that point. For downside continuation, we would need to see a daily close that held below the 200-period MA with the intraday divergence failing.
- The futures traded to a low of USD 101.65 before finding light bid support, resulting in the futures moving back above the daily 200-period MA at USD 101.94. We remain below the EMA resistance 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 102.80 with the RSI at or above 46.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 104.25 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical Outlook: Neutral.
- With price moving higher on the divergence while holding above the daily 200 MA we continue to take a cautious approach on lower moves. For downside continuation, the divergence needs to fail, and price needs a close and hold below the daily average. An observational point: this is a 3-wave correction, but the third wave is unusually short, leaving us with 3 possibilities. 1) it is a bullish signal 2) we could have a double 3-wave pattern, as witnessed between Oct-Dec, in the form of W, X, Y 3) this wave extends lower. This is where technicals need to be run closely with fundamentals, they need to come in line around the key indecision points in the market. Although I try and avoid fundamentals, as I do not want to have an unconscious bias, stock piles are undeniably high and making headlines. If we move higher, we could initially see an increase in volume as the market looks to cover; however, if we continue to rally and volume decreases, the move is highly unlikely to hold. Volume is fuel, the shape of this technical makes me think that upside moves could struggle to hold without decent volume support.