

Lithium Q2 26 (Daily)



Support		Resistance		Close Price	Bull	Bear
S1	15.10	R1	19.04	16.60		RSI below 50
S2	13.49	R2	19.80			
S3	10.75	R3	20.82			

Synopsis - Intraday

Source Bloomberg

- Price is between the 34 period EMA and 50-period SMA
- 21-period RSI is below 50 (47)
- ADX at 37 implies we are in a trending environment
- Technical outlook last week: Cautious bull. The recent rally to a high of USD 23.13 suggested that the futures had entered a bullish Elliott Wave 5 on the lower-timeframe cycle, unfolding within a broader Elliott Wave 3, as marked on the chart. Fibonacci extension analysis indicated a potential near-term upside target at USD 26.92 for this phase of the cycle. However, momentum indicators were showing early signs of fatigue. The ADX continued to weaken, while the 6- and 21-period RSIs were diverging, suggesting that buy-side momentum may slow and should be closely monitored. Additionally, the RSI divergence occurring below a bearish-sloping moving average further reinforced the warning of weakening momentum. While the broader market structure remains bullish and any corrective pullback would still be considered counter-trend, the deterioration in momentum warrants caution on further upside in the near term at current levels.
- The futures have entered a corrective phase on the back of the negative divergence with the RSI. Price is now between the medium term moving averages with the RSI below 50.
- Downside moves that hold at or above USD 15.10 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: bullish throwback, caution on downside.
- The broader Elliott wave cycle remains bullish but in a corrective phase; however, a move below USD 15.10 would negate the bull cycle, taking us into neutral territory. The RSI moving average continues to suggest that momentum remains weak; counteracting this, the 6-period RSI is divergent, while price is between the 34–50 period averages, suggesting caution on downside moves at these levels in the near-term. Upside moves above USD 18.15 will indicate buy-side pressure is increasing, warning the Fibonacci resistance zone could come under pressure. We identify USD 20.82 as the key resistance to follow, a rejection of this level will imply that the corrective phase could become more complex, warning we could see further downside within the corrective phase. With the 6-period RSI in divergence as price approaches the 50-period SMA, the technical is warning that we are starting to look overextended to the downside.