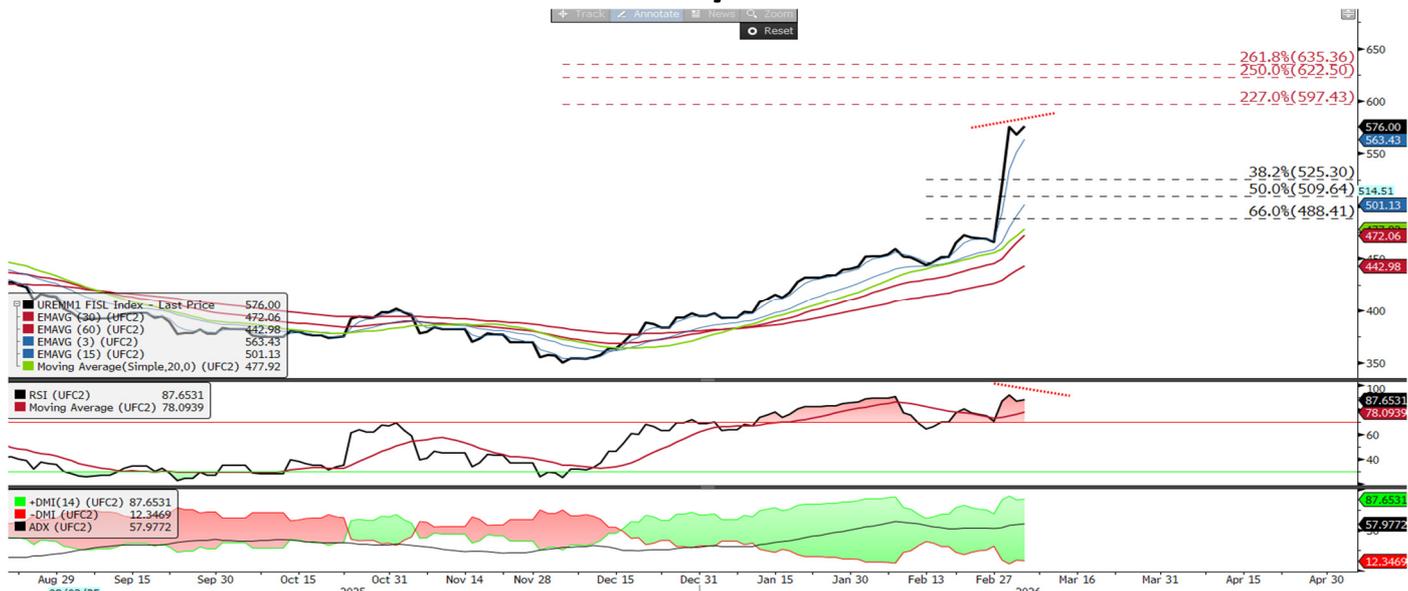




# Urea (Granular) FOB US Gulf Futures

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## Urea April 26



	Support	Resistance	Previous Close	Bull	Bear
S1	525	R1	597	RSI above 50	DMI +
S2	509	R2	622		
S3	488	R3	635		

### Synopsis - Intraday

Source Bloomberg

- Price is above the 34 - 55 period EMA's
- RSI is above 50 (85)
- 14—period Directional Market Index (DMI) +
- Technical outlook previously: Cautious Bull in the March futures
- The upside move to a new high last week meant that the March contract was in divergence, warning that buy-side pressure had the potential to slow, warning support levels could come under pressure. We noted that the futures would gap lower on the Roll into April on Monday, to around the USD 447 level (highlighted by the red line on the chart). If we saw downside follow through and traded below the USD 444 fractal support, then the technical would be bearish based on price, leaving the Fibonacci support zone vulnerable. We identified USD 391 as the key longer-term support to follow; if we held at or above this level it will warn that there could be a larger bullish Elliott wave cycle in play. Conversely, if broken, the probability of price trading to a new high will begin to reduce. With the divergence in play, we were cautious on higher moves in both the March and April contracts.
- The bombing of Iran resulted in a big gap up in the futures. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 488 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish—Downside moves considered as countertrend.
- The acceleration in upside price action due to the war in the middle east now suggests that downside moves should be considered as countertrend, making USD 488 the key near-term support to follow. The futures are showing a minor divergence with the RSI, warning buy-side momentum could slow; however, if the divergence fails, resistance will come under further pressure. Like oil, the current moves are not technically driven. With the situation in Iran, it would be hard to advocate a sell, even if the divergence was more prominent, as there is a high probability the divergence will fail.

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