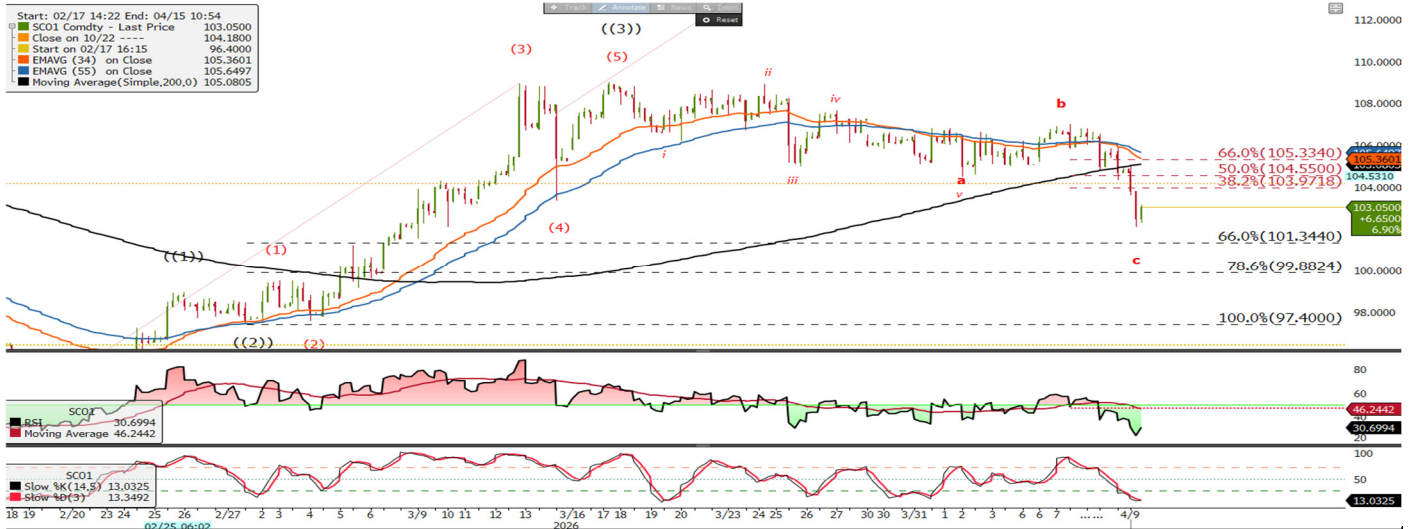




Iron Ore Offshore Intraday Technical

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



	Support	Resistance	Current Price	Bull	Bear
S1	101.34	R1	103.05	Stochastic oversold	RSI below 50
S2	99.88	R2			
S3	97.40	R3			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below daily pivot level USD 105.67
- Technical Outlook Previously: Caution on downside moves
- The futures were finding support on the intraday 200-period MA at USD 104.52 yesterday having seen a throwback overnight. We noted that while above the average the USD 107.47 resistance would remain vulnerable; countering this, a close and hold below it will signal that sell side pressure is increasing, indicating a more complex corrective phase. However, we maintain a cautious approach below USD 104.50 as price would be divergence with the RSI, warning sell side momentum could slow down.
- The futures broke to the downside resulting in the divergence failing. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 105.67 with the RSI at or above 48.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 105.33 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, corrective moves that hold at or above USD 101.34 will imply that there is a larger, bullish Elliott wave cycle in play.
- Technical Outlook: Bearish momentum confirmation
- The break to the downside means we have had to re-evaluate are bearish corrective count, as the aggressive move lower indicates a 5-3-5 correction, rather than the initial X, Y, Z pattern that we thought had completed due to the divergences. The divergence failure signals bearish momentum confirmation, as both price and the RSI are making new lows. This would suggest that upside moves should be considered as countertrend while below the USD 105.33 level. Above USD 105.33 the probability of the futures trading to a new low will begin to decrease.

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