FIS

North European Hot-Rolled Coil Steel

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North European Hot-Rolled Coil Steel - Generic 2nd (June 26) Daily

Support		Resistance		Current Price	Bull	Bear
S1	696	R1	707	700	Stochastic oversold	RSI below 50
S2	688	R2	723			
S3	652	R3	732.5			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30—60 period EMA's
- RSI is below 50 (40)
- Stochastic is oversold
- Weekly Pivot level (EUR 701)
- Technical outlook previously: Downside move considered as countertrend
- We noted previously that the upside move in the futures had created a negative divergence with the RSI, while a move above EUR 750 would create further divergences. Not a sell signal, the divergence was a warning that buyside momentum could slow down. However, the broader trend (Elliott wave cycle) remained bullish with downside moves considered as countertrend, making EUR 634 the key longer-term support to follow. Key near-term support to follow was at EUR 715, as a move below this level would break fractal support, signaling price has entered a corrective phase.
- The futures remained supported into late march with price selling lower on a negative divergence in early April. We are below the 8-21 period EMA's supported by the RSI
- Downside moves that hold at or above EUR 652 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below EUR 744 will warn that the corrective phase is becoming more complex.
- Technical outlook: Downside move considered as countertrend
- Price is corrective with the MA on the RSI implying momentum is weak; however, below EUR 695 there is a chance the RSI will be divergent with price, this will need to be monitored. The falling trend line is now testing a rising trend line, meaning we have resistance at EUR 707 and support at EUR 696. if we close above trend resistance then EUR 744 is the key to follow, if rejected is will signal a move complex corrective phase. For downside continuation, price will need to close and hold below the support line, with any divergence failing. With a potential divergence below us, we may see trend resistance come under pressure first. As highlighted previously, based on our Elliott wave analysis, downside moves are considered as countertrend while above EUR 652..

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