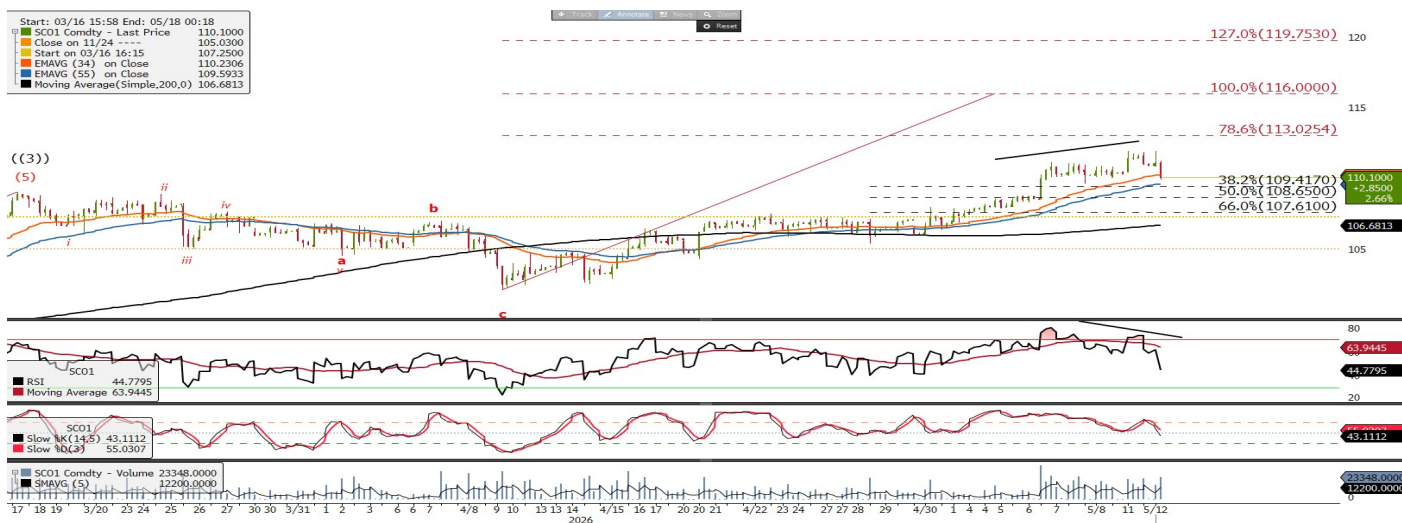




Iron Ore Offshore Intraday Technical

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



	Support	Resistance	Current Price	Bull	Bear
S1	109.40	R1	111.20	RSI above 50	
S2	108.65	R2	110.10		
S3	107.61	R3	116.00		

Synopsis - Intraday

- Price is between the 34 - 55 period EMA's
- RSI is below 50 (44)
- Stochastic is above 50
- Price is below daily pivot level USD 111.20
- Technical Outlook Previously: Negative divergence in play
- The upside move to the new high yesterday had resulted in a negative divergence forming on both the RSI and stochastic. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. We noted that if price continued to move higher, causing the divergence to fall, then the bullish momentum confirmation would leave resistance levels vulnerable. Lower timeframe Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 107.61 the key support to follow. If breached, then the probability of price achieving new highs would begin to decrease. While the divergence was in play, we have a note of caution on upside moves at that point.
- The futures have sold lower on the negative divergence. Price is between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 111.20 with the RSI at or above 66 will mean price and momentum are aligned to buyside. Downside moves that hold at or above USD 107.61 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Downside moves considered as countertrend
- The futures have entered a corrective phase on the back of the negative divergence with the RSI, warning support levels are vulnerable in the near-term. However, our Elliott wave analysis suggests that downside moves should be considered as countertrend, providing we hold above the USD 107.61 support. Below USD 107.61 the pullback will be considered as deep, meaning the probability of price trading to a new high will begin to decrease.

Chart source Bloomberg