FIS Iron Ore Offshore Intraday Technical

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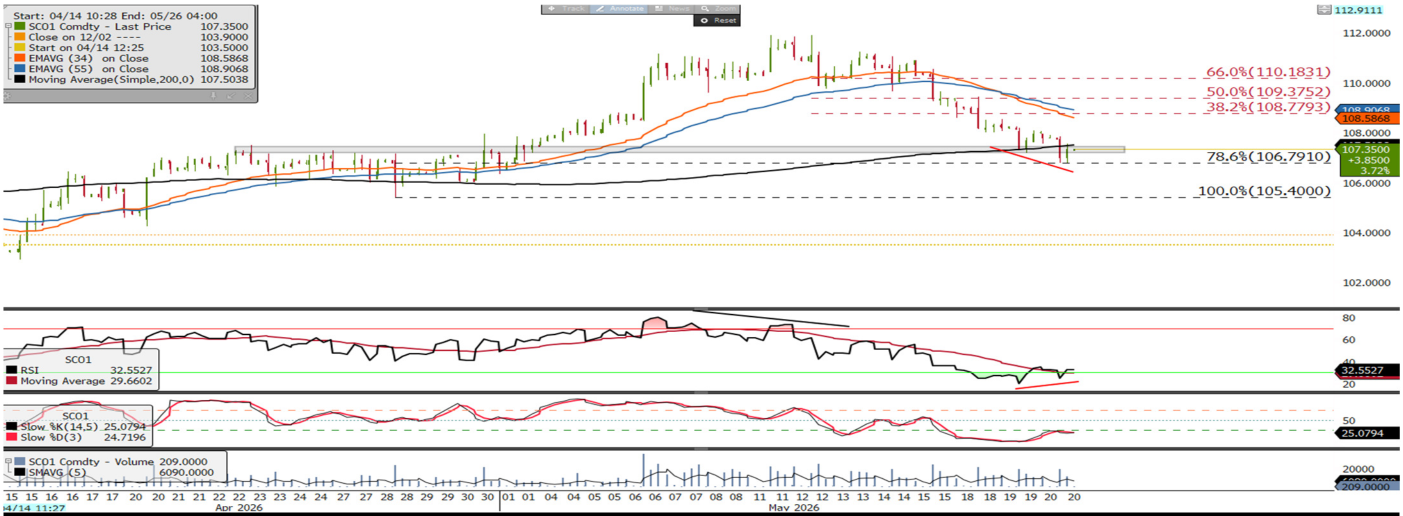
Iron Ore Offshore June 26 Morning Technical Comment—240 Min Chart



Support		Resistance		Current Price	Bull	Bear
S1	106.79	R1	107.50	107.35	Stochastic oversold	RSI below 50
S2	105.40	R2	107.85			
S3	104.25	R3	108.77			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below daily pivot level USD 107.85
- Technical Outlook Previously: Neutral
- The depth of the pullback yesterday meant that the probability of the futures trading to a new high had started to decrease, warning the bullish Elliot wave cycle had a higher probability of failing. The RSI moving average implied momentum was weak, as did the RSI breach below the 30 level. Countering this, we highlighted the mid-April resistance around the USD 107.50—USD 107.30 area; this now had the potential to act as support. A bullish reaction off support, followed by a close above the high of the last dominant bear candle at USD 108.20, with price and momentum becoming aligned to the buyside, would suggest that the USD 110.28 resistance could be tested.
- The futures traded to a low of USD 106.80 with price below the intraday 200-period MA at USD 107.50. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 107.85 with the RSI at or below 27.5 will mean price and momentum are aligned to sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at ort below USD 110.18 will leave the futures vulnerable to further tests to the downside, above this level, the futures will re-enter bullish territory.
- Technical Outlook: Positive divergence in play
- The depth of the pullback means that the probability of the futures trading to a new high has started to decrease. However, the move to a new low means we now have a positive divergence in play, warning sell side momentum could slow down. A close and hold above the 200-period MA, and the high of the last dominant bear candle (USD 107.50—USD 107.85) will signal an increase in buyside pressure, warning the Fibonacci resistance zone could be tested. Conversely, downside moves supported by divergence failure will signal sell side momentum is on the increase again. While the divergence is in play the technical warrants caution on downside moves at these levels in the near-term.