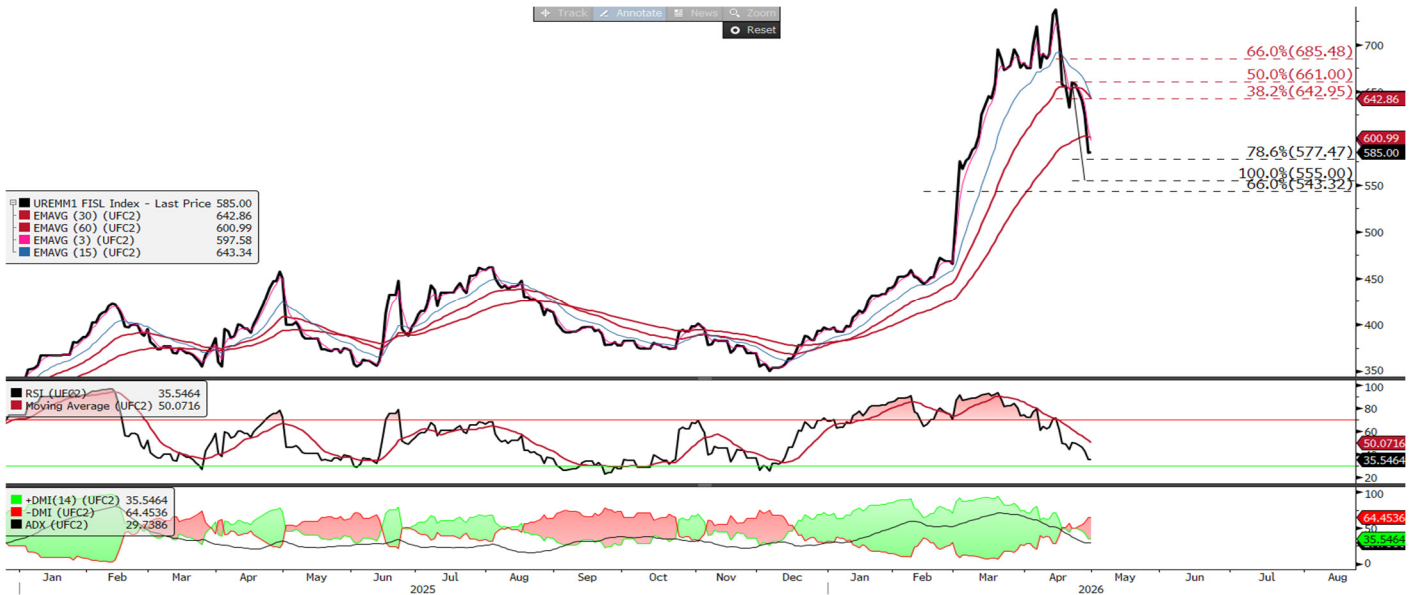




# Urea (Granular) FOB US Gulf Futures

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## Urea Jun 26



Support	Resistance	Previous Close	Bull	Bear
S1	577	R1 642	585	RSI below 50
S2	555	R2 661		
S3	543	R3 685		

### Synopsis - Intraday

Source Bloomberg

- Price is above the 30 - 60 period EMA's
- RSI is below 50 (35)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: Downside moves considered as countertrend.
- We noted last week that the futures had entered a corrective phase with the RSI moving averages implying that momentum was weak. Upside moves that failed at or below USD 701 would leave price vulnerable to further tests to the downside, suggesting the correction could be becoming more complex. Conversely, a move above USD 701 would signal an increase in buy-side pressure. Based on the strength of the upside move and the bullish momentum confirmation previously, we maintained our view that downside moves should be considered as countertrend. We identify USD 543 as the key support to follow. Throwbacks below this level would reduce the probability of new highs being achieved.
- The futures have gapped lower on the roll into June. We are below all key moving averages supported by the RSI below 50.
- Downside moves that hold at or above USD 543 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend.
- We remain in a corrective phase with the RSI moving average implying momentum is weak. We now have a 3-wave pattern lower with a 100% Fibonacci projection at USD 555, meaning we have a support zone USD 555—USD 543, this will be a key area if tested. Upside moves that fail at or below USD 685 will leave the futures vulnerable to further tests to the downside, implying the correction will be a complex W, X, Y pattern. Market sellers should be cautious if the RSI closes above its moving average, as it will signal buy-side momentum is on the increase, warning price will be vulnerable to a move higher.

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