



Urea (Granular) FOB US Gulf Futures

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	Support	Resistance	Previous Close	Bull	Bear
S1	427	R1	560		RSI below 50
S2	387	R2	594	451	
S3	335	R3	640		

Synopsis - Intraday

Source Bloomberg

- Price is below the 30 - 60 period EMA's
- RSI is below 50 (18)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: Holding key support
- The futures had held above the USD 543 support two weeks ago with the RSI closing above its moving average. Momentum is starting to move higher; however, we noted that we needed to see price close and hold above the 60-period EMA at USD 590 to signal an increase in buy-side pressure. Evidence of market support, we still needed to see more upside from price in this technical. Market buyers should be cautious on a move below USD 543, as the probability of the futures trading to a new high would start to decrease.
- The futures failed to close above the 60-period EMA, resulting in price selling below the USD 543 support. We are below all key moving averages with the RSI below 50.
- Upside moves that hold at or below USD 640 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Upside moves considered as countertrend
- With no significant upside move the futures look to have produced a 5 wave pattern lower, suggesting we could be looking at a 5-3 -5 A, B, C corrective pattern. This would indicate that the next wave higher is likely to be a countertrend Elliott wave B, in theory, an upside move should consist of either 3-waves, or a variation of (i.e. a double 3, known as W, X, Y). The futures are now in a bearish trending environment, highlighted by the ADX at 36. Providing pullbacks remain below the USD 640 resistance, we will have a cautious view on higher moves.

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