



Lithium Technical Report

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Lithium Q3 26 (Daily)



	Support	Resistance	Close Price	Bull	Bear
S1	18.10	R1	20.60	Stochastic oversold	RSI below 50
S2	17.37	R2	20.95		
S3	16.24	R3	22.62		
			18.90		

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 period EMA and 55-period EMA
- RSI is below 50 (28)
- Stochastic is oversold
- Technical outlook Previously: Inflection point
- We noted previously that the RSI was below 40, indicating further weakness in momentum, warning that USD 20.34 support could be tested and broken. Throwbacks below USD 20.34 would in theory reduce the probability of price trading to a new high. Technically we were at an inflection point, as the upside move in March and April found resistance between USD 20.20 and USD 20.60, this now has the potential to act as a support zone. If we hold this support zone (even if the USD 20.34 support is breached), it would signal a change in polarity, leaving price vulnerable to a move higher. Technically we needed to see how price reacted to the support zone, market sellers should act with caution if the RSI started to break its trend resistance line. Although this was not a buy signal, it could warn the price could be readying for a move higher.
- The futures initially held the USD 20.20—20.60 support, while the RSI broke its trend resistance line. However, the futures rejected the 55-period EMA resulting in the support zone, and the USD 20.34 support being broken.
- Upside moves that fail at or below USD 22.62 will leave the futures vulnerable to further tests to the downside, above this level price will re-enter bullish territory.
- Technical Outlook: Sell-side pressure increasing
- The downside moves below the USD 20.34 support implies that the probability of the futures trading to a new high within this phase of the cycle has started to decrease. The RSI move below 40 signals weakening momentum, as does the rejection of the USD 20.20—USD 20.60, suggesting support levels are currently vulnerable. Market sellers should act with caution on a close and hold above the USD 20.60 resistance, as it will signal buy-side support is entering the market.

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