



North European Hot-Rolled Coil Steel

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North European Hot-Rolled Coil Steel - Generic 2nd (Aug 26) Daily



Support	Resistance	Current Price	Bull	Bear
S1	R1	707	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 50—200 period EMA's
- RSI is above 50 (63)
- Stochastic is below 50
- Weekly Pivot level (EUR 667)
- Technical outlook previously: Downside move considered as countertrend
- We noted previously that price was corrective with the MA on the RSI implying momentum is weak; however, below EUR 695 there is a chance the RSI will be divergent with price, this needed to be monitored. The falling trend line was testing a rising trend line, meaning we had resistance at EUR 707 and support at EUR 696. if we close above trend resistance then EUR 744 was the key to follow, if rejected is would signal a move complex corrective phase. For downside continuation, price will need to close and hold below the support line, with any divergence failing. With a potential divergence below us, we may see trend resistance come under pressure first. As highlighted previously, based on our Elliott wave analysis, downside moves were considered as countertrend while above EUR 652.
- The futures closed below the trend support with price trading to a low of EUR 664 before finding bid support. Price is above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above EUR 652 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below EUR 733 will warn that the corrective phase is becoming more complex.
- Technical outlook: Approaching trend resistance
- The upside move means price is approaching trend resistance at EUR 722, while we have key resistance is at EUR 733. a close and hold above the resistance line will warn that the EUR 733 Fibonacci resistance could be tested and broken; if it is, then the probability of price trading to a new low will begin to decrease. Conversely, market buyers should act with caution on a close below the 50-period MA at EUR 701 as it will signal an increase in sell side pressure, indicating a more complex corrective phase. As highlighted previously, the broader trend remains bullish above EUR 652 with downside moves should be considered as countertrend.

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