FIS

North European Hot-Rolled Coil Steel

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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

Support		Resistance		Current Price	Bull	Bear
S1	701	R1	733	722	RSI above 50	Stochastic overbought
S2	684	R2	747			
S3	664	R3	770			

Synopsis - Intraday

Source Bloomberg

- Price is below the 50—200 period EMA's
- RSI is above 50 (64)
- Stochastic is overbought
- Weekly Pivot level (EUR 717)
- Technical outlook previously: Approaching trend resistance
- We noted previously that the upside move meant that price was approaching trend resistance at EUR 722, while we had 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 was, then the probability of price trading to a new low would begin to decrease. Conversely, market buyers should act with caution on a close below the 50-period MA at EUR 701, as it would 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.
- The futures remain supported with price above all key moving averages with the RSI above 50.
- Downside moves that hold at or above EUR 984 will support a near-term bull argument. Key longer-term support remains unchanged at USD 684.
- Technical outlook: Tracking trend resistance
- We have trend resistance at EUR 732 and key Fibonacci resistance at EUR 733. Price is now tracking the resistance line higher with the RSI holding above the 60 level. If the EUR 733 resistance is breached, then the probability of price trading to a new low will begin to decrease; however, price will need to close and hold above the resistance line for upside continuation. The broader trend remains bullish with key longer-term support at EUR 652; we identify EUR 684 as a near-term support level that will be of interest, as throwbacks that hold above EUR 654 would suggest that the current upside move is more likely to be bullish impulse, rather than part of a larger corrective phase. Market bulls will want to see the RSI breach the 70 level, as this will signal momentum strength; Conversely, caution would be warranted if the RSI moves and holds below the 60 level, as the momentum weakness would warn that we could be entering a corrective phase. Price is supported; however, we need more from the technical to signal upside continuation.