FIS

Lithium Technical Report

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Lithium Q4 26 (Daily)

Support		Resistance		Close Price	Bull	Bear
S1	18.00	R1	19.62	18.60	Stochastic oversold	RSI below 50
S2	16.94	R2	20.63			
S3	15.59	R3	21.86			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 period EMA and 55-period EMA
- RSI is below 50 (35)
- Stochastic is oversold
- Technical outlook Previously: Caution on upside moves
- A highlighted previously, the upside rejection of the USD 22.62 resistance following a 3-wave pattern lower warned that upside moves had the potential to be countertrend. The RSI had failed to move above the 60 level on the move higher, warning that momentum remained weak, we were testing 40. This was a key level, if we held above 40, then it would warn of momentum support, meaning we could see another upside test. Conversely, if we moved and held below 40, and breached the 30 level, it will signal an increase in sell side pressure, suggesting we could test the USD 18.50 fractal low. We continued to be cautious on higher moves at that point, but needed to see the RSI move and hold below 40.
- The RSI moved below 40, resulting in price selling to a new low. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 20.63 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical Outlook: Caution on downside moves
- The new low has resulted in the RSI creating a positive divergence with the RSI, warning sell side momentum could slow down. This is a condition, it is not a buy signal, we would need to see positive price action to signal that the divergence was being respected. Fibonacci projection levels suggest that we could trade as low as USD 15.59 withing this phase of the cycle; however, a close and hold above the trend resistance line at USD 18.77 would warn that buyside support is entering the market. Due to the divergence in play, the technical warrants caution on lower moves at this point.