FIS

Urea (Granular) FOB US Gulf Futures

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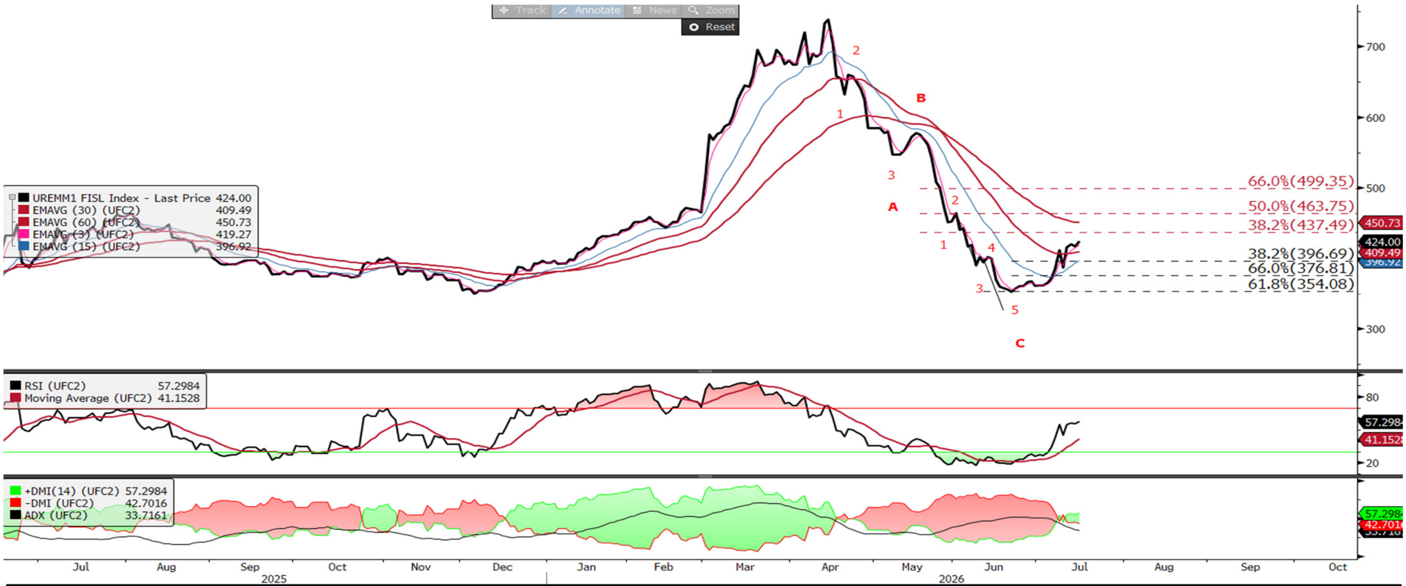
Urea Aug 26



Support		Resistance		Previous Close	Bull	Bear
S1	396	R1	437	424	RSI above 50	
S2	376	R2	463			
S3	354	R3	499			

Synopsis - Intraday

Source Bloomberg

- Price is between the 30 - 60 period EMA's
- RSI is above 50 (57)
- 14—period Directional Market Index (DMI) +
- Technical outlook previously: Caution on downside moves
- As highlighted previously, the futures were in divergence with the RSI having seen a 5-wave pattern lower, meaning we had a cautious approach to downside moves at those levels. Breaking down the wave C pattern, the wave 3 looks to be the shortest wave, suggesting we are unlikely to trade below USD 325 within this phase of the cycle. If we did, then we would be looking at a wave extension that was not yet apparent. Upside moves above USD 402.5 would signal that this phase of the cycle has completed, signaling an increase in buyside pressure, warning that the Fibonacci resistance zone could be tested. We identify USD 499 as a key level to monitor, as rejections at or below the level will indicate a more complex corrective phase.
- The futures have moved higher on the positive divergence. We are between the EMA resistance band with the RSI above 50.
- Upside moves that hold at or below USD 499 will signal a more complex corrective phase. Above this level the probability of the futures trading to a new low would begin to decrease.
- Technical outlook: Buyside pressure increasing
- The move higher on the divergence has resulted in the USD 402.5 resistance being broken, signaling an increase in buyside pressure. Based on the Elliott wave count from last week, alongside the fractal break, we now have a cautious approach to lower moves. Pullbacks that reject the USD 499 resistance would warn that the corrective phase is becoming more complex; if this happens, market longs should act with caution. Conversely, throwbacks that hold at or above USD 376 will further support a buyer's argument. The DMI is now showing a bullish cross, if the ADX starts to turn higher, it will signal that we could be in the early stages of a trending environment, as it is already above 25.