FIS

Lithium Technical Report

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Lithium Q4 26 (Daily)

Support		Resistance		Close Price	Bull	Bear
S1	19.34	R1	20.44	20.00	RSI above 50	Stochastic overbought
S2	19.16	R2	21.25			
S3	18.55	R3	22.35			

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 period EMA and 55-period EMA
- RSI is above 50 (60)
- Stochastic is overbought
- Technical outlook Previously: Caution on downside moves
- We noted on the previous report that the new low had resulted in the RSI creating a positive divergence, warning sell side momentum could slow down. This was a condition, it was not a buy signal, we needed 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 within this phase of the cycle; however, a close and hold above the trend resistance line at USD 18.77 would warn that buyside support was entering the market. Due to the divergence in play, the technical warranted caution on lower moves at this point.
- The futures sold to a low of USD 17.80 before finding bid support and closing back above its resistance line. We are above all key moving averages supported by the RSI above 50.
- Upside moves that fail at or below USD 22.35 will leave the futures vulnerable to further tests to the downside, implying a more complex corrective phase is in play
- Technical Outlook:Buyside pressure increasing
- The 3-wave pattern lower ended in a divergence, suggesting that the corrective phase has now completed. Near-term price action has broken fractal resistance, meaning the trend has entered bullish territory. Having reclaimed the 40 level the RSI is now at 60, a key resistance level, as a rejection here would warn of momentum weakness. Conversely, a close and hold above the 60 level would signal further increases in buyside pressure, warning the USD 22.35 resistance could be tested. This is a key level on the technical; if rejected it will warn that there is a more complex corrective phase coming into play, potentially in the form of a double 3 pattern (marked as W-X-Y). Market buyers should act with caution on a close and hold below the support line at USD 19.34 ,as it will signal sell side pressure is on the increase. Based on the A-B-C completion, we are currently cautious on downside moves.