FIS U.S. HRC Technical Report

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

US HRC Sep 26

Support		Resistance		Current Price	Bull	Bear
S1	1,185	R1	1,213	1,192		Stochastic overbought
S2	1,164	R2	1,247			
S3	1,157	R3	1,295			

Synopsis - Intraday

Source Bloomberg

- Price is above the 50- period MA
- RSI is above 50 (42)
- Stochastic is oversold
- Technical outlook previously: Negative divergence
- We noted previously (late June) that the futures had gapped higher on the roll into August, resulting in a negative divergence forming on the RSI and the stochastic. Fibonacci projection levels indicate that we could trade as high as USD 1,247 within this phase of the cycle; however, the divergence needs to be monitored. We highlighted that it was important to remember, the divergence was a condition, not a sell signal, confirmation would need to come from bearish price action that confirms sentiment is weakening. Technically, we are a cautious bull.
- The Future's initially sold to a low of USD 1,157 before trading at a high of USD 1,220. A corrective phase in the last two sessions has resulted in price testing the 50-period MA at USD 1,185. the RSI is now below 50.
- Downside moves that hold at or above USD 1,123 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Positive reversal pattern in play
- The futures have reverted back to the 50 period MA; however, the RSI is making new lows, price is not. This is known as a positive reversal pattern, warning of underlying support in the market, providing price does not sell below the USD 1,157 fractal low. If we do, then it will warn that price could deteriorate further. A close and hold below the 50-pperiod MA at USD 1,185 will leave the USD 1,157 support vulnerable.