FIS

Urea (Granular) FOB US Gulf Futures

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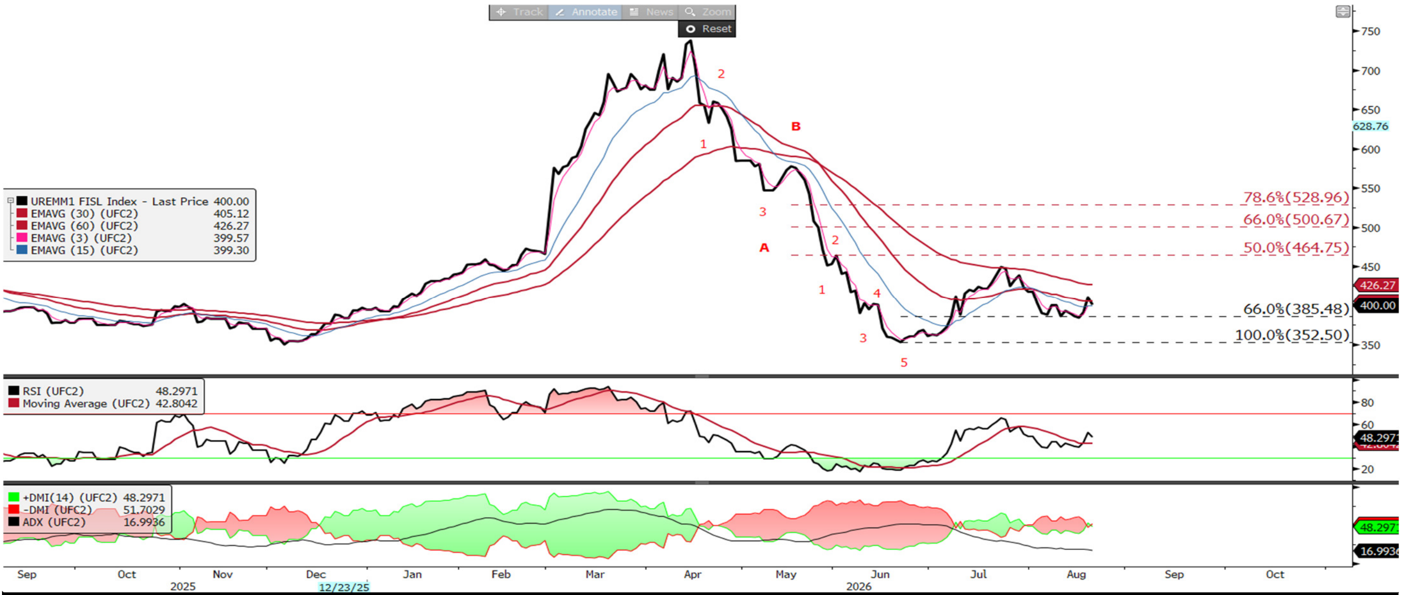
Urea Sep 26



Support		Resistance		Previous Close	Bull	Bear
S1	385	R1	449.5	400		RSI below 50
S2	352	R2	464			
S3	350	R3	500			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30 - 60 period EMA's
- RSI is below 50 (48)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: buyside pressure increasing
- We noted previously that the ADX remained above 25 and was in the early stages of moving higher, implying buyside pressure continued to increase. RSI momentum supported the ADX, as it had moved above the 60 level; if we breach the 70 level, it would further support a buyers argument. Due to the corrective phase looking to have completed previously, alongside the positive RSI divergence, we remain cautious on lower moves at that point. However, upside moves that rejected the USD 499 resistance would warn that the corrective phase had the potential to become more complex, at that point market buyers should act with caution.
- The futures failed to trade higher with price trading at a low of USD 383.5 before finding light bid support. We are below the EMA resistance band with the RSI below 50.
- Upside moves that hold at or below USD 500 would 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: Neutral
- The breach in the USD 385 support means the technical has a neutral bias due to the depth of the pullback. However, we maintain reservations on downside moves due to the move higher on the positive divergence, on what looks to be a completed Elliott correction. Although support has been breached, the RSI is holding above the 40 level at this point, signaling momentum support; if we reclaim 50, then market buyers will look to test the 60-period EMA at USD 426.