Iron Ore Offshore Intraday Technical

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Iron Ore Oct Offshore



Support		Resistance		Current Price	Bull	Bear
S1	95.53	R1	97.27	95.70	Stochastic oversold	RSI below 50
S2	94.50	R2	97.54			
S3	93.10	R3	98.20			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (37)
- Stochastic is oversold
- Price is above daily pivot level USD 95.53
- Technical Outlook Previously: Upside moves considered as countertrend
- The new low in the futues yesterday had resulted in a minor positive RSI divergence on the 4-hour time, it was more prominent on the 1-hour timeframe. The divergence was a condition that warned that sell side momentum could slow down, it was not a buy signal and would need confirmation from price that buyside pressure was increasing. However, as highlighted previously, the depth of the pullback did suggest that upside moves should be considered as countertrend. We were cautious on lower moves at those levels due to the divergence; if price and momentum become aligned to the buyside, it will leave price vulnerable to an intraday countertrend move higher.
- The futures traded at a low of USD 95.05 before seeing light bid support on the divergence. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 95.53 with the RSI at or below 23.5 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 99.20 would level the futures vulnerable to further tests to the downside, above this level the technical would re-enter bullish territory.
- Technical Outlook: Supported/cautious on upside moves
- The futures are seeing light bid support on the divergence supported by price and momentum becoming aligned to the buyside. Upside moves above the intraday fractal resistance at USD 96.15 would signal an increase in buyside pressure, warning resistance levels could be tested in the near-term. A close and hold above the intraday 200-period MA at USD 97.27 would further support a near-term buyers argument. However, the depth of the pullback was supported by the RSI moving below 30 (it has now reclaimed 30), this is a warning of momentum weakness, implying upside moves have the potential to be countertrend. If the USD 99.20 resistance is breached, then the probability of price trading at a new low would start to decrease.

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