FIS Iron Ore Offshore

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Iron Ore Oct 26 (Rolling Front Month Daily)



Support		Resistance		Current Price	Bull	Bear
S1	95.74	R1	98.26	96.55		Stochastic overbought
S2	94.67	R2	99.65			
S3	92.85	R3	101.35			

Synopsis - Intraday

Source Bloomberg

- Price is above the 34 - 55-period EMA's
- RSI is above 50 (60)
- Stochastic is overbought
- Technical outlook previously: Downside moves considered as countertrend
- We noted previously that the futures had traded at new highs, resulting in a negative RSI divergence forming on both the daily and intraday timeframes. The divergence was not a sell signal, it warned that we could see a momentum slowdown, this needed to be monitored. On the buy-side, our Elliott wave analysis was indicating that downside moves should be considered as countertrend, providing throwbacks hold above the USD 96.27 level. Below USD 96.27 the probability of price trading at new highs will begin to decrease.
- The futures traded at a high of USD 101.35 before entering a corrective phase, resulting in price trading below our key support at USD 96.83. Price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 99.65 will leave the futures vulnerable to further tests to the downside, above this level the technical will re-enter bullish territory.
- Technical outlook: Neutral
- The move below USD 96.83 implies that the probability of price trading at a new high has started to decrease, signaling the technical is neutral. On the intraday technical, I had the Elliott wave cycle marked as an extended wave 3, suggesting there should be another bullish wave within this cycle. The depth of the pullback (alongside the first and last waves being nearly equal in length) would suggest the 5-wave pattern has completed (alternative count to the intraday highlighted on the chart). If this is the case, then throwbacks that hold at or above USD 95.74 would leave price vulnerable to further bullish impulse moves (I.E. a new cycle); conversely, if breached, then the USD 92.85 support will start to become vulnerable. Bearish momentum confirmation is supported by three bearish red soldiers, warning there has been a change of psychology in the market, meaning support is vulnerable; countering the bear pattern, the RSI is above 40; if we hold above the 40 level with price holding above 95.74 it would suggest there is underlying support. We have a degree of uncertainty on this technical, meaning we are currently neutral.

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