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	97.46	97.20		RSI below 50
S2	94.67	R2	98.74			
S3	92.85	R3	99.21			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55-period EMA's
- RSI is below 50 (48)
- Stochastic is below 50
- Technical outlook previously: Neutral
- The move below USD 96.83 last week implied that the probability of price trading at a new high had started to decrease, signaling the technical was neutral. On the intraday technical, we 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) suggested that the 5-wave pattern had completed (alternative count to the intraday highlighted on the chart). If this was the case, then throwbacks that held 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 would start to become vulnerable. Bearish momentum confirmation was supported by three bearish red soldiers, warning there had been a change of psychology in the market, meaning support was vulnerable; countering the bear pattern, the RSI was above 40; if we hold above the 40 level with price holding above 95.74 it would suggest that there was underlying support. We had a degree of uncertainty on this technical, meaning we were currently neutral.
- The futures sold below the USD 95.74 support before seeing a small move higher. We are below the EMA resistance band with the RSI below 50.
- Upside moves that fail at or below USD 99.21 would leave the futures vulnerable to further tests to the downside, above this level the technical would re-enter bullish territory.
- Technical outlook: Upside moves considered as countertrend
- The remains a degree of uncertainty on this technical, as the move below USD 99.21 implies that the probability of the futures trading at a new high has started to decrease; countering this, the RSI has held the 40 level, indicating momentum remains supported. When looking at the intraday technical we do not see a 3-wave corrective pattern, suggesting upside moves should be considered as countertrend. A close and hold above the intraday 200-period MA at USD 97.36 would warn that buyside pressure is increasing; however, while below USD 99.21 we maintain a cautious approach to upside moves. Above USD 99.21, the futures will re-enter bullish territory.

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