FIS Lithium Technical Report

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Lithium Q4 26 (Daily)



Support		Resistance		Close Price	Bull	Bear
S1	15.90	R1	17.50	16.00	Stochastic oversold	RSI below 50
S2	14.33	R2	18.62			
S3	13.37	R3	20.00			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 period EMA and 55-period EMA
- RSI is below 50 (27)
- Stochastic is oversold
- Technical outlook Previously: Caution on upside moves
- We noted last week that the move to a new low implied that we were looking at a more complex corrective pattern known as a double 3. This suggested that upside moves should in theory be countertrend, providing the USD 18.76 resistance is not breached. Above USD 18.76 the probability of the futures trading at a new low would start to decrease. Having rejected the 60 level the RSI has broken below 40, this implies momentum weakness. If the RSI reclaims the 40 level it will warn momentum support is entering the market; however, for upside continuation, the RSI would also need to reclaim and hold the 60 level.
- The futures traded are trading on their lows. We are below all key moving averages supported by the RSI above 50.
- Upside moves that fail at or below USD 18.62 would leave the futures vulnerable to further tests to the downside, above this level the technical would have a neutral bias.
- Technical Outlook: Positive Divergence
- Price is making a new low, the RSI is not, this is known as a positive RSI divergence. It is not a buy signal, it is a condition that warns sell side momentum could slow down, and therefore needs to be monitored. We also note that price is trading at the 100% Fibonacci projection level of the previous wave lower. In conjunction with the divergence, we now have a cautious approach to lower moves at these levels. The pullback to USD 17.3 was shallow, meaning it could be that there is another wave lower to follow, making USD 18.62 the key resistance to follow. A rejection at or below this level would warn that support levels remain vulnerable.

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