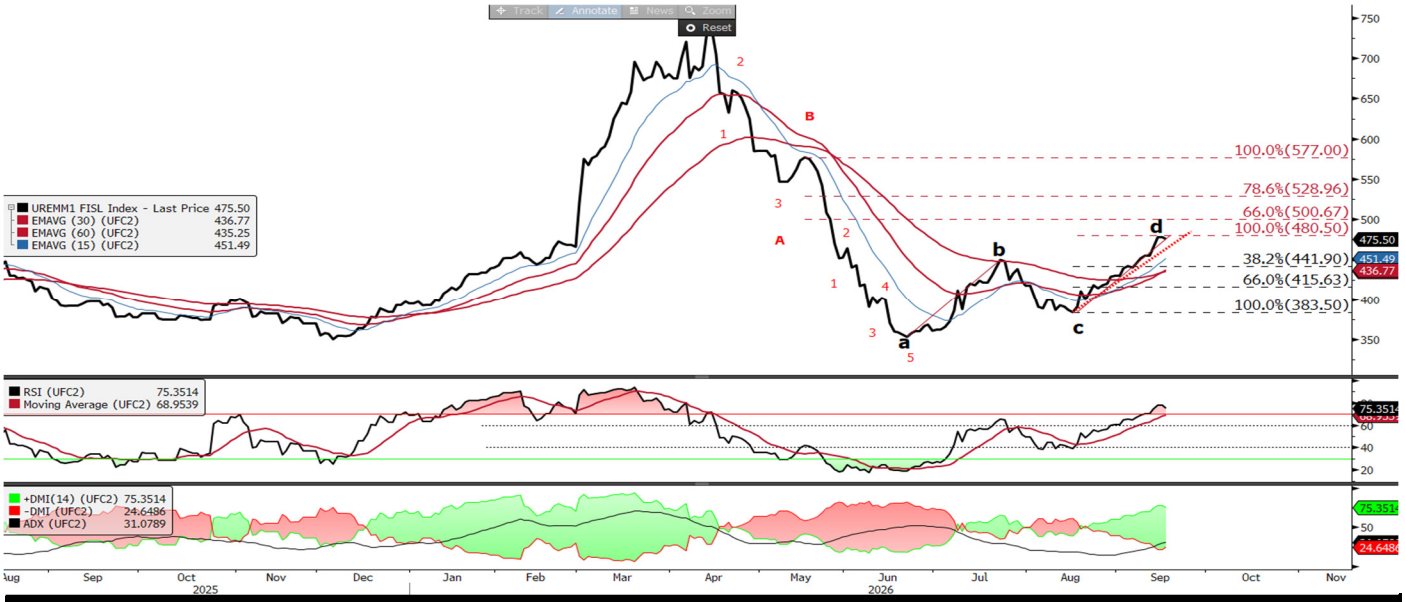
FIS Urea (Granular) FOB US Gulf Futures

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Urea Oct 26



Support		Resistance		Previous Close	Bull	Bear
S1	459	R1	480.5	475.5	RSI above 50	
S2	441	R2	500			
S3	415	R3	528			

Synopsis - Intraday

Source Bloomberg

- Price is above the 30 - 60 period EMA's
- RSI is above 50 (75)
- 14—period Directional Market Index (DMI) +
- Technical outlook previously: Buyside pressure increasing
- We noted previously that the RSI had held 40 and moved above the 60 level, while price had reclaimed the 60-period EMA at USD 426, signaling buyside pressure is increasing. If the RSI moved above the 70 level it would further support a buyer's argument, as would a move above the USD 449.5 fractal re-sistance. Market buyer's should act with caution on a close and hold back below the 60-period EMA, as it would suggest support remained vulnerable.
- The futures traded at a high of USD 480 on the increase in buyside pressure highlighted previously. We are above all key moving averages supported by the RSI above 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: inflection point
- The futures have seen an increase in buyside pressure, resulting in price testing the USD 480.50 Fibonacci resistance. This is a key level for two reasons: one, it is an A-B = C-D pattern, meaning it has the potential to act as an area of profit taking. A close and hold above this level would further support a buyers argument, suggesting the USD 500 resistance could be tested and broken; if it is, then the probability of the futures trading at a new low would begin to decrease. The second reason links into Elliott wave analysis; one of the golden rules is that wave 3 can never be the shortest wave on an impulse move (it is often the longest), it would be considered as rare to see a wave 3 shorter than a wave 1. This does not mean that the move higher is not bullish impulse, but it would warn that we could be looking at a more complex corrective phase if we fail to trade above USD 480.5. A close below the trend support line at USD 459 would warn that sell side pressure is increasing, at this point USD 415 would be the key support to follow. Throwbacks that hold above USD 415 would signal underlying support in the market. With price testing a key resistance, this technical is now at an inflection point, market longs will want to see price above the USD 480.5 resistance before any significant move lower. On the buyside, the ADX at 31 signals a bullish trending environment, while the RSI move above 70 indicates momentum strength, this does suggest that downside moves have a higher probability of being countertrend.

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