Iron Ore Offshore Intraday Technical

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Iron Ore Oct Offshore



Support		Resistance		Current Price	Bull	Bear
S1	91.40	R1	93.89	92.60	Stochastic oversold	RSI below 50
S2	89.69	R2	94.54			
S3	88.25	R3	95.15			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (24)
- Stochastic is oversold
- Price is below daily pivot level USD 93.89
- Technical Outlook Previously: caution on downside breakouts
- The futures were seeing light bid support resulting in the RSI moving back up to 40 yesterday; however, we were yet to close and hold above it. We noted that the RSI was moving higher faster than price, suggesting support remained vulnerable, this also meant that that if we did see a downside breakout below USD 93.35 it could result in a positive RSI divergence, warning sell side momentum could slow down. Support remained vulnerable in the near-term, but from a technical perspective, downside moves have the potential to be limited.
- The futures have sold at a new low resulting in a positive RSI divergence, we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 93.89 with the RSI at or above 34.5 would mean price and momentum are aligned to the buy-side. Upside moves that fail at or below USD 95.96 would level the futures vulnerable to further tests to the down-side, above this level the technical would have a neutral bias.
- Technical Outlook: Positive divergence
- The new low has resulted in a positive RSI divergence; this is a condition, not a sell signal, it needs confirmation that the diver-gence is being respected. If price moves higher and the RSI reclaims and holds above 40, it will warn of momentum support, while a close above the trend resistance at USD 94.77 would imply that buyside pressure is increasing. If we reject the trend line, or the RSI divergence fails, then price will start to become vulnerable to a bearish Elliott wave extension. While the diver-gence is in play, caution is warranted on lower moves.

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