Iron Ore Offshore Intraday Technical

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Iron Ore Oct Offshore



Support		Resistance		Current Price	Bull	Bear
S1	89.69	R1	91.60	91.30	Stochastic oversold	RSI below 50
S2	88.25	R2	92.45			
S3	87.50	R3	92.92			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below daily pivot level USD 91.60
- Technical Outlook Previously: Positive divergence
- We noted on Thursday that the new low had resulted in a positive RSI divergence; this was a condition, not a sell signal, it needed confirmation that the divergence that it was being respected. If price moves higher and the RSI reclaimed and held above 40, it would warn of momentum support, while a close above the trend resistance at USD 94.77 would imply that buyside pressure is increasing. If we rejected the trend line, or the RSI divergence fails, then price would start to become vulnerable to a bearish Elliott wave extension. While the divergence was in play, caution was warranted on lower moves.
- The initial divergence failed resulting in price trading at new lows, signaling a lower timeframe bearish Elliott wave extension. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side, as the RSI remained below its average on the previous candle close.
- A close on the 4-hour candle above USD 91.60 with the RSI at or above 27.5 would mean price and momentum are aligned to the buy-side. Upside moves that fail at or below USD 93.55 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
- The new low has resulted in another positive RSI divergence, a condition that warns that sell side momentum could slow down. The futures are now above the secondary trend resistance line, this supports the divergence, as it also warns that sell side momentum could potentially slow; however, an upside moves above the intraday fractal resistance at USD 91.75 with the RSI above 40 is needed to signal that buyside pressure could be increasing. We identify USD 93.55 as the key resistance to follow; throwbacks that reject this level would warn of a more complex corrective phase. Conversely, above USD 93.55, the probability of the futures trading at a new low would begin to decrease. The divergence is a warning we could be exhausting, but needs confirmation from bullish price action.

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