FIS Iron Ore Offshore

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Iron Ore Nov 26 (Rolling Front Month Daily)



Support		Resistance		Current Price	Bull	Bear
S1	91.35	R1	93.54	91.45	RSI below 50	Stochastic oversold
S2	89.65	R2	94.32			
S3	88.20	R3	95.39			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 - 55-period EMA's
- RSI is below 50 (32)
- Stochastic is oversold
- Technical outlook previously: sell side pressure increasing
- We noted last week that the downside move in the futures had resulted in the intraday divergence highlighted in the morning chart failing, signaling bearish momentum confirmation on the lower timeframe. The rejection of the EMA resistance band alongside the intraday bearish momentum confirmation warned that the USD 92.85 support was becoming vulnerable. The RSI was testing the 40 level, a close and hold below it would support the intraday momentum weakness. Caution was warranted if the daily RSI held above the 40 level. Fibonacci projection levels suggest that if the USD 92.85 support is broken, then market sellers would look to test the USD 91.40 support, as this is a 100% Fibonacci projection of the previous bear wave.
- The futures have broken the USD 92.85 support, resulting in the USD 91.40 support being tested. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side. We are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD 95.39 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 downside move to the USD 91.40 support has resulted in an intraday bearish Elliott wave extension, suggesting upside moves should be considered as countertrend. The futures are testing the 100% Fibonacci projection of the previous wave at USD 91.35, making this a natural area of support. A close and hold below this level would warn of further weakens. However, the RSI is at 32 with 27-27 being a historical support area, suggesting breakdowns in price have the potential to become overextend fairly quickly. We identify USD 95.39 as a key resistance to follow, pullback above this level would reduce the probability of price trading at a new low. The 252 period z-score indicate that price is 2.42% standard deviations below the yearly average, again, warning we are starting to look overextended to the downside in the near-term; however, we do acknowledge that it did achieve 2.75% in April.

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