FIS

Iron Ore Offshore

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Iron Ore Nov 26 (Rolling Front Month Weekly)



Support		Resistance		Current price	Bull	Bear
S1	89.54	R1	97.39	90.90	Stochastic oversold	RSI below 50
S2	88.40	R2	101.35			
S3	82.17	R3	104.50			

- **Synopsis- Intraday**
- Price is below the 8-21 period EMA's
- RSI below 50 (37)
- Stochastic is oversold
- Technical Outlook Previously: Approaching support
- We noted last week that the intraday technical was divergent with the RSI, warning we had the potential to see a momentum slowdown. On the daily technical the 252-period Z-score was 2.41 standard deviations below the 1-year moving average, implying price was looking overextended to the downside, With warnings from the intraday RSI and the z-score, bullish set-ups were needed to confirm that they were being respected. Due to these two indicators, we were cautious on lower moves, We noted that our issue was the weekly chart. We had a key longer-term support at 88.40; below this level there was a void down to USD 75.00. From a technical perspective, we were overextended to the downside; however, if we started to close and hold below USD 88.40, then the technical would be in trouble, as there were no historical support levels until we reached USD 75.00.
- The futures traded at a low of USD 89.70; however, due to the intraday divergences, the move lower failed to hold. We remain below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 97.39 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Caution on downside moves
- The futures continue to test downside support; however, price remains divergent with the RSI on the intraday timeframe, warning sell side momentum could slow down. As highlighted previously, a close and hold below the USD 88.40 support would warn that the technical could deteriorate further, as there are no historical support levels down to USD 75.00. Although divergent, support levels remain vulnerable as the daily RSI is moving higher faster than price, warning the USD 89.70 level could come back under pressure in the near-term. We are cautious on downside breakouts below USD 89.70 while the divergence is in play.

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