FIS Lithium Technical Report

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Lithium Q1 27 (Daily)



Support		Resistance		Close Price	Bull	Bear
S1	13.37	R1	16.29	13.35	Stochastic oversold	RSI below 50
S2	11.80	R2	17.96			
S3	10.23	R3	20.00			

Synopsis - Intraday

Source Bloomberg

- Price is below the 34 period EMA and 55-period EMA
- RSI is below 50 (16)
- Stochastic is oversold
- Technical outlook Previously: Caution on downside moves
- The downside move below USD 15,45 last week meant that price was divergent on both the daily an intraday timeframes. The divergence warned that sell side momentum could slow, it was not a buy signal; however, it did mean a cautious approach to lower moves was warranted while the divergence was in play. Upside moves above the USD 15.80 fractal resistance would signal an increase in buyside pressure based on price, the RSI reclaiming 40 alongside a fractal break would be preferable on higher moves. Key resistance was at USD 18.44, upside moves that failed at or below this level would imply that the corrective phase remained complex, warning that support levels remain vulnerable.
- The technical took a bit of a hit this week after he European Union and China agreed to limit hybrid-car exports to the bloc, adding to lingering concerns about demand for electric vehicles and large-scale energy-storage systems (Bloomberg). After the announcement the futures gapped lower, resulting in the RSI divergence failing. We remain below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 17.96 would leave the futures vulnerable to further tests to the downside, above this level the technical would have a neutral bias.
- Technical Outlook: Neutral
- This is a difficult technical this week, as the RSI low signals bearish momentum confirmation; however, the RSI at 16 is on historical lows, while we have a bullish Harami candle pattern (a two-candlestick chart pattern that signals a potential reversal from a downtrend to an uptrend). Confirmation that the pattern is in play would come from a bullish close above the first candle at USD 14.50. This is where the technical gets complicated, as price has gapped lower, this gap is known as a bearish window (USD 14.50—USD 15.20), the window is considered as a resistance zone. The RSI suggests we are overextended to the downside, the bullish Harami warns we could see a move higher, the resistance window means we need to see a daily close above USD 15,20 for it to be considered as closed. We also need to account for the move lower being driven by bearish news, meaning upside moves that fail to close the window will leave support levels vulnerable. The conflicting signals mean that we are neutral; if however we see a bullish gap higher that starts around USD 15.20, then we will have an island reversal pattern. This would attract buying interest.

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