FIS Urea (Granular) FOB US Gulf Futures

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Support		Resistance		Previous Close	Bull	Bear
S1	415	R1	464	432.5		RSI below 50
S2	383	R2	480.5			
S3	357	R3	500			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30 - 60 period EMA's
- RSI is below 50 (40)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: sell side pressure increasing
- As highlighted last week, having rejected the USD 480.5 resistance previously, the futures had closed below the trend support line, while the RSI had moved below 60, signaling sell side pressure was increasing. The RSI did breach 70 previously, while the ADX at 29 still signaled that we are still considered to be in a trending environment at making point, making USD 415 the key support to follow. On the sell side, the second bull wave is shorter than the first, point D had been respected, warning we could be looking at a complex corrective phase. In the near-term, the increase in sell side pressure warns that support was vulnerable; if we hold above the 415 level it would imply that there is underlying support in the market. If broken, then the probability of price trading above USD 480.5 would begin to decrease, suggesting the USD 383.5 fractal low could be tested. Caution would be warranted if the RSI moves and holds below 40, as this will support a complex correction.
- The futures have continued to sell lower on the increase in sell side pressure. We are below the 30-60 period EMA's with the RSI below 50.
- Technical outlook: Support vulnerable
- The upside rejection of the USD 480.5 resistance, followed by the subsequent pullback, continues to warn that we could be looking at a complex corrective phase. If the USD 415 support is broken, then the probability of price trading at a new high would start to decrease, warning support levels come under pressure. Conversely, upside moves that fail at or below USD 464 would support a bearish argument, above 464 would suggest that buyside pressure is starting to increase. The RSI is now at 40, meaning it is an inflection point; if it closes and hold below 40, then the momentum weakness would imply that the USD 415 Fibonacci support could be broken. The futures remain corrective, the ADX is now below 25 while we have a bearish cross on the DMI, suggesting sell side pressure continues to increase.

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