FIS Urea (Granular) FOB US Gulf Futures

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Support		Resistance		Previous Close	Bull	Bear
S1	415	R1	434	431.5		RSI below 50
S2	383	R2	459			
S3	357	R3	480			

Synopsis - Intraday

Source Bloomberg

- Price is below the 30 - 60 period EMA's
- RSI is below 50 (44)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: Support vulnerable
- We noted last week that the upside rejection of the USD 480.5 resistance, followed by the subsequent pullback, continued to warn that we could be looking at a complex corrective phase. If the USD 415 support was broken, then the probability of price trading at a new high would start to decrease, warning support levels could 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 was starting to increase. The RSI was now at 40, meaning it was at an inflection point; if it closed 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 was at below 25 while we have a bearish cross on the DMI, suggesting sell side pressure continues to increase.
- The futures sold at a low of USD 422 before finding light bid support. We remain below the 30-60 period EMA's with the RSI below 50.
- Downside moves that hold at or above USD 415 would support a bull argument, below this level would warn that the USD 383.5 fractal low could be tested. Conversely, upside moves that fail at or below USD 459 would leave support levels vulnerable, if broken, it would signal an increase in buyside pressure
- Technical outlook: Inflection point
- The move lower has failed to test the USD 415 support at this point, while the RSI is holding above 40, implying we are seeing light momentum support. Price is now testing its trend resistance line at USD 434, meaning we are at an inflection point; a close and hold above the line, having seen the RSI hold 40, would warn that the USD 459 resistance could be tested. USD 459 is a key resistance on the technical, if rejected, then it would imply we could be looking at a more complex corrective phase. Market buyers should act with caution if we reject the trend resistance, as it would leave the USD 415 support vulnerable. We are seeing evidence of light bid support, but need to see further upside to convince the USD 459 resistance could come under pressure.

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