

Technical Analysis: Lead



Lead closed positively last night albeit with a small body and long overhead tail, which is not always positive. Today prices have defied this bearish pattern, moving through last night's high.

- **Trendline:** Lead is struggling to pierce back above the recent upside trading range [\$1,803-\$1,979]; another failed attempt to pierce above this level could herald another move lower. Lead has other trendline resistance at \$1,851 while trendline support is seen at \$1,772- \$1,669
- **Support and resistance:** Lead has support at \$1,635-\$1,677-\$1,697 and other resistance at \$1,851-\$1,860-\$1,874.
- **Moving averages:** Lead again managed to close above the 21 DMA, which is positive. But it is noteworthy that the metal failed to close above the 7 DMA yesterday.
- **Stochastics:** The K% line has crossed over the D% line, which is positive.
- **Fibonacci retracement levels (March 2009 low-January 2010 high):** Lead is attempting to close back above the 50% Fibo [\$1,775]. A close above this level would be positive but failure to do so would be negative.
- **Bollinger Bands (BBs):** The BBs are converging aggressively, which is reflective of a possible forthcoming breakout.

(Conclusion below)

Conclusion: We are neutral on lead today while awaiting the next directional signal. We are waiting to see if the metal can close above the lower upside trading range line [\$1,803]; failure to close above this level and the 50% Fibo [\$1,775] in the coming days should be the signal to start thinking about turning negative in the short term on a move below \$1,735-\$1,700. But should the metal close above this trendline and Fibo level in the coming days, we would look at taking a tentatively positive position over the short term.

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