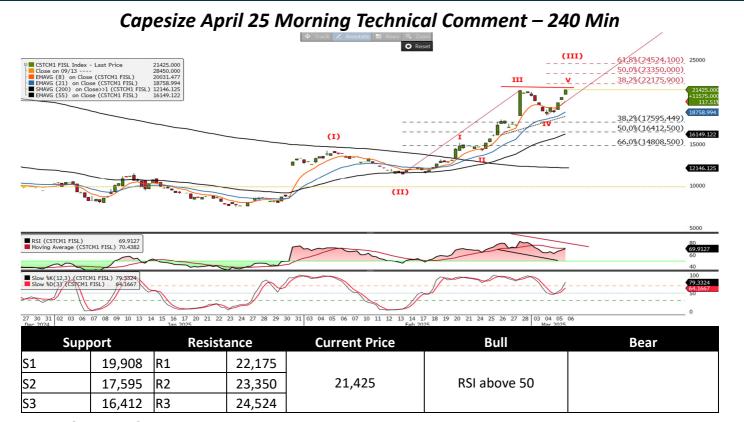
EMISSIONS | OIL | FERROUS | <mark>FREIGHT</mark> | AGRI | METALS | ENERGY | PHYSICAL FREIGHT

FIS

Capesize Intraday

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Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (69)
- Stochastic is above 50
- Price is above the daily pivot level USD 19,908
- Unchanged on the technical yesterday, we remained bullish but in a corrective phase with downside moves considered as countertrend. We noted that we were yet to confirm that we had entered an Elliott wave 4 at that point, meaning upside moves that traded above USD 21,375 would be an extension within the lower timeframe cycle. The RSI was making lower lows, but price has not (known as a bullish hidden divergence), this suggested that we could still see one more test to the upside in the near-term. However, these divergences almost always resulted in a negative divergence (as the RSI pullback was deeper than price), meaning a move higher was unlikely to hold if we did trade above USD 21,375 (this would effectively be an extension of the lower timeframe cycle).
- The bullish hidden divergence came into play yesterday, resulting in the futures trading to a new high this morning, confirming we were seeing a lower timeframe Elliott wave extension. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 19,908 with the RSI at or above 72.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 14,808 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures look to be on an extended wave 3, meaning downisde moves should in theory still be countertrend. Lower timeframe Elliott wave analysis suggests we have the potential to trade as high as USD 24,524 within this phase of the cycle; however, the new high this morning means the futures are now in divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown, which does need to be monitored. We are bullish but have a note of cautious due to the negative divergence.

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