Capesize Intraday

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Capesize May 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	16,375	R1	18,570	17,650	Stochastic oversold	RSI below 50
S2	15,650	R2	19,287			
S3	14,075	R3	20,529			

Synopsis - Intraday

Source Bloomberg

- Price is between the 8—21 period EMA's
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot level USD 16,583
- Unchanged on the technical yesterday. The longer-term Elliott wave cycle remained bullish, we looked to be in a corrective wave C of a higher timeframe wave 4); however, near term price action was bearish. Lower timeframe Elliott wave analysis (based on the correction), continued to suggest caution on moves higher at this point, as they could struggle to hold. Key support was at USD 15,650; a move below this level would mean that the probability of the futures trading to a new high had start to decrease, warning that there is a higher probability of the bullish wave cycle failing. We maintained a note of caution on moves higher, meaning the USD 15,650 support remained vulnerable.
- The futures traded to a low of USD 16,250, creating an intraday positive divergence. Post market close, the US government have paused tariffs on majority of countries, resulting in price moving higher. We are between the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,583 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 15,650 will support a bull argument, below this level the Elliott wave cycle will have a neutral bias. However, upside moves that fail at or below USD 21,299 will warn that there could be a larger, bearish, Elliott wave correction in play.
- This is becoming a very difficult technical to read in terms of the Elliott wave cycle. Price is moving higher on the divergence (we all know it is moving higher on the tariff pause, but I am looking at this from a purely technical perspective), with the futures continuing to hold above the USD 15,650 level; if broken, then the probability of the futures trading to a new high will start to decrease. We noted last week that the psychological footprint of the market could change (Elliott wave), on the back of higher than expected tariffs. At this point, we have held key support, meaning in theory, this could still be the A—Corrective wave lower, of a higher timeframe corrective wave 4. We are higher and supported on the open, the political landscape has shifted again overnight, meaning the original market psychology (Elliott wave) could be back in play, making USD 21,299 the key resistance to follow on this technical. If rejected, it will imply there is a larger bear cycle in play; if broken, it will warn that we are possibly in a bullish impulse wave 5, meaning the USD 24,000 fractal high could be broken. The Elliott wave cycle is still bullish, the new low yesterday means we have completed a lower timeframe wave cycle on the form the 22,325 high, meaning support levels are potentially vulnerable.