

Supramax May 25 Morning Technical Comment – 240 Min



Support	Resistance	Current Price	Bull	Bear
S1	R1	9,875	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot USD 9,900
- Technically bearish yesterday, the futures remained at an inflection point, as we continued to trade around the 200-period MA. We noted that a close above that held above the average would warn that resistance levels could come under pressure in the near-term. However, lower timeframe Elliott wave analysis suggested that upside moves should be considered as countertrend, making USD 11,366 the key resistance to follow. If we did trade above this level then the probability of price trading to a new low would start to decrease. If we reject the 200-period MA and the RSI rejects its average, then Fibonacci support levels would become vulnerable. We had a small note of caution on downside breakouts below USD 9,600, as the 1-and-2-hour RSI's would be in divergence. This was not a buy signal, but warned that we could see a momentum slowdown, which needed to be monitored.
- The futures had a small move higher on the close yesterday; however, the move failed to hold. We remain below but continue to test the 200-period MA (USD 9,90). We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,900 with the RSI at or below 28 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 11,332 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is flat, implying sell side momentum is starting to slow. The move lower on the open this morning means the futures are in divergence with the RSI, not a buy signal it is a warning that we could see a momentum slowdown. We remain at an inflection point with price trading on the 200-period MA; as noted yesterday, a close above that holds above the average will warn that there is an underlying support in the market. Conversely, a rejection of the average will imply technical weakness. We maintain a note of caution on moves higher at this point, as the technical suggests that they will struggle to hold.