

Capesize Oct 25 Morning Technical Comment – 240 Min



Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (52)
- Stochastic is oversold
- Price is above the daily pivot level (USD 27,866)
- Technically bullish yesterday, the futures were at an infection point. We were testing the trend support line (USD 27,832), whilst we had the 55-period EMA at USD 27,625, and fractal support at USD 27,250. For downside continuation, we needed to close and hold below the support line and average, with price breaching the fractal support. If we did, it would weaken the technical, warning a corrective phase could be upon us. Whilst above this tight support zone, resistance remained vulnerable. The futures were not considered a technical buy as we had divergences at and above USD 29,500, meaning we were neutral at that point. On the longer-term Elliott wave cycle, downside moves were still considered as countertrend.
- The futures have held the trend support line (USD 28,009), resulting in a small move higher on the open. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 27,886 with the RSI at or above 56.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 21,002 will support a longer-term bull argument, below this level the Elliott wave cycle will have a neutral bias.
- Technically bullish, the futures are holding trend support whilst we have the 55-period MA at USD 27,656 and fractal support at USD 27,250. As highlighted yesterday, for downside continuation, we need to see a close below trend support and the EMA, with the USD 27,250 support being breached. Whilst above the support zone highlighted, resistance levels are vulnerable. However, we continue to be cautious on upside breakouts above USD 29,500 due to the divergences in play, as momentum suggests that we could struggle to hold. On the longer-term Elliott wave cycle, downside moves were still considered as countertrend.