FIS

Capesize Intraday

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Capesize Nov 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	24,125	R1	28,033	26,200	RSI above 50	Stochastic overbought
S2	23,937	R2	28,600			
S3	21,597	R3	29,368			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8—21 period EMA's
- RSI is below 50 (45)
- Stochastic is overbought
- Price is below the daily pivot level (30,016)
- Technically bullish based on price yesterday due to the move above the USD 29,825 fractal resistance. The MA on the RSI implied that momentum was supported, whilst the move above USD 28,870 suggested that we had entered the higher timeframe bullish Elliott wave 5; this also warned that the probability of price trading to a new low had decreased. The RSI was making new highs alongside price, suggesting downside moves should be considered as countertrend, making USD 26,697 the key support top follow in the near-term. Upside moves above USD 31,250 would officially confirm that we are on the higher timeframe Elliott wave 5. Once confirmed, our Fibonacci projection levels will give us a potential upside target as high as USD 38,802 for this phase of the cycle.
- The futures traded to a high of USD 31,000; however, post close, China issued a statement exempting China built US owned ships from port tariffs, resulting in price giving back all its mornings gains. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 30,016 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 29,368 will leave the futures vulnerable to further tests to the downside, above this level the technical has a neutral bias.
- The move below USD 26,967 means that the technical is back in bearish territory, the depth of the pullback warns that the probability of the futures trading to a new high will start to decrease. **Where do we start on this?** The daily chart has a gap higher followed by a gap lower, providing we see no more headlines, the futures will have produced an island reversal pattern, providing the downside gap remains in play. This is a bearish pattern that warns the USD 24,125 support could be tested and broken. **The Elliott wave cycle**. This is a psychological footprint of the market, over the previous two days we have seen market psychology change twice, caused by the trade spat between US—China. The upside move yesterday suggested that we had entered a bullish impulse Elliott wave 5; however, we missed the high by USD 250. As one of our senior brokers commented this morning (Kris Payne), the technical could go either up or down. Unfortunately, due to the lack of clarity, he is nearer to the truth than I would like today. If this is a failed wave 5 (truncation) then the longer-term trend is bearish; however, if this is a larger wave B, then we are still corrective. Due to the time of year (seasonality), alongside the potential island reversal pattern on the daily chart, I am going to follow the truncation (wave failure).
- To be very clear, this technical is very unclear.