FIS

Capesize Intraday

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Capesize Nov 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	22,535	R1	24,291	23,375	Stochastic oversold	RSI below 50
S2	21,597	R2	25,476			
S3	19,754	R3	26,125			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8—21 period EMA's
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot level (24,291)
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak. We noted previously that the upside move on the 14/10 had the potential to be a failed Elliott wave 5, technically we were cautious on upside moves due to the island reversal pattern. However, we highlighted another scenario where the upside move on the 14/10 was just a high wave B. We noted this as we had a corrective 3-wave pattern (Elliott A, B, C) with the futures in divergence on the new low, meaning we were cautious on downside moves below USD 23,875. Providing we remained above our key longer-term support (USD 21,597) there was chance that we remained in the larger bull cycle, having seen a corrective pattern lower, making this the key support to follow. If broken, then the higher timeframe Elliott wave cycle would become neutral. We were cautious bear.
- The futures continue to sell lower with price below the USD 23,875 fractal low. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 24,291 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 26,979 will leave the futures vulnerable to further tests to the downside, above this level the technical has a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum remains weak. Fibonacci projection levels suggest that we have the potential to trade as low as USD 22,535; however, the downside move in the futures below USD 23,875 means that price is in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which needs to be monitored. As noted previously, there is a lack of clarity within the wave cycle, as the move to a high of USD 31,000 could be a failed wave high, or equally a high wave B. What we can highlight, a 3-wave pattern and divergence suggest caution on downside moves at these levels. Key longer-term support is at USD 21,597, below this level the higher timeframe wave cycle would have a neutral bias.