Capesize Intraday

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Capesize Dec 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	24,733	R1	26,275	25,625	RSI above 50	
S2	24,375	R2	26,979			
S3	23,185	R3	27,681			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (51)
- Stochastic is oversold
- Price is above the daily pivot level (24,733)
- Technically bearish yesterday, the MA on the RSI implied that momentum was weakening, warning support levels remained vulnerable. The futures were testing the USD 24,375 fractal support, if broken then the USD 23,300 fractal low would come into focus. A close that held above the 55-period EMA (USD 25,631) would imply that buyside pressure is increasing, whilst a move above USD 26,275 would further support a buyer's argument. However, for upside continuation, the futures were going to need to close and hold above the 200-period EMA (USD 27,243), as there was a key resistance zone between USD 26,950—USD 26,976, this was just below the average. Momentum and price were weakening, if the USD 24,375 fractal support was broken, then the futures would have made a lower low, indicating market sellers were in control.
- The futures tested but held the USD 24,375 fractal support yesterday, resulting in price moving higher and testing the 55-period EMA this morning. We are above the 8-21 period EMA's with the RSI near-neutral at 51, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 24,733 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. 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 we remain bearish; however, the futures held the USD 24,375 support yesterday, meaning price failed to make a lower low. This has resulted in the futures trading up to the 55-period EMA (USD 25,580), a close that holds above the average will indicate that buyside pressure is increasing, whilst a move above the USD 26,275 fractal resistance will further support a buyers argument. If we trade above the USD 26,950—USD 26,979 Fibonacci resistance zone, then the probability of the futures trading to a new low will start to decrease; for upside continuation we will still need to see a close that holds above the 200-period MA (USD 27,213). Momentum and price were weakening yesterday; however, holding the USD 24,375 support has created a double bottom in the market, this could prove to be significant, as it implies there is an underlying support in the market, leaving resistance vulnerable. You can see on the chart our Elliott wave count, the A,B,C pattern lower after the bullish impulse wave 3 does support a longer-term bull argument, putting greater significance on the this 200-period average. If we close and hold above it, then it will warn that we could be in the early stages of a bullish impulse wave 5, meaning USD 31,250 would become a legitimate upside target for market bulls. Conversely, if we fail to close and hold above the 55-period EMA, and trade below the USD 24,375 level, then we test the USD 23,330 fractal low. Remembering, as highlighted last week, we will be cautious on downside breakouts below USD 23,300, as it is likely to create a bullish divergence with the RSI. USD 24,375—USD 27,213 are key levels on this technical.