FIS Capesize Intraday

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Capesize Dec 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	25,808	R1	26,275	25,875	RSI above 50	Stochastic overbought
S2	25,619	R2	26,979			
S3	25,013	R3	27,681			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot level (25,808)
- Technically bearish yesterday; however, we noted that the futures had held the USD 24,375 support previously, meaning price failed to make a lower low. This resulted in the futures trading up to the 55-period EMA (USD 25,580), a close that held above the average would indicate that buyside pressure was increasing, whilst a move above the USD 26,275 fractal resistance would further support a buyers argument. If we traded above the USD 26,950—USD 26,979 Fibonacci resistance zone, then the probability of the futures trading to a new low would start to decrease; for upside continuation we still needed to see a close that held above the 200-period MA (USD 27,213). Momentum and price were weakening previously; however, holding the USD 24,375 support had created a double bottom, we noted that this could prove to be significant, as it implied that there was an underlying support in the market, leaving resistance vulnerable. We could see on the chart that the Elliott wave count had an A,B,C pattern lower, following the bullish impulse wave 3 which supported a longer-term bull argument, putting greater significance on the this 200-period average. If we closed and held above it, then it would 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 failed to close and hold above the 55-period EMA, and traded below the USD 24,375 level, then we test the USD 23,330 fractal low. Remembering, as highlighted last week, we would be cautious on downside breakouts below USD 23,300, as it was likely to create a bullish divergence with the RSI. USD 24,375—USD 27,213 were key levels on this technical.
- The futures traded to a high of USD 26,250 before seeing bids fade, we remain above the 8-21 period EMA's with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 25,808 with the RSI at or below 45.5 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 bearish, the MA on the RSI implies that we have light momentum support. Price closed above the 55-period EMA yesterday (USD 25,619) but now needs to hold above it, failure to do so will leave the USD 25,013 and USD 24,325 support levels vulnerable. From the support side, USD 24,375 is an intraday double bottom, making this a key level to follow. If it holds, then resistance levels will remain vulnerable. Conversely, if broken, we target the USD 23,300 fractal low. Above USD 26,275 will imply that buyside pressure is increasing, whilst for upside continuation, price is going to need to close and hold above the 200-period MA (USD 27,202).