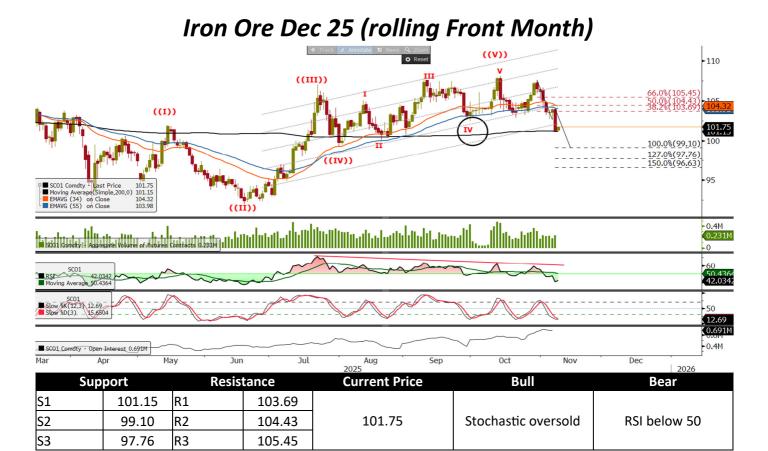
DRY FFA | WET FFA | OIL | IRON ORE | STEEL | COKING COAL | CONTAINERS | FERTS | METALS | AFFA | PHYS FREIGHT

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Synopsis - Intraday

Source Bloomberg

- Price is below the 34 55-period EMA's
- RSI is below 50 (42)
- Stochastic is oversold
- Technically bullish last week, the pullback had held above fractal support with price moving higher, meaning there could still be further bullish sub waves within the higher timeframe wave ((V)). We noted that we were moving higher with volume support (but with a lower intensity than that of the previous wave), we also had rising open interest, suggesting fresh longs continued to enter the market. However, above USD 108.05 price would be in divergence with the RSI. Not a sell signal it warned that we could see a momentum slowdown, meaning we have a note of caution on upside breakouts. Technically we are bullish, resistance levels are vulnerable, but open interest looked high, warning that the technical was exposed. For this reason we are cautious on upside moves, and especially cautious on upside breakouts.
- The futures failed to trade to a new high with price selling aggressively lower. We are below the EMA support band with the RSI below 50, the technical is now bearish.
- Upside moves that fail at or below USD 105.45 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we noted in the morning technical/close report yesterday that the Elliott wave cycle looked to have completed, due to the 5-wave pattern lower and the intraday divergence. The breakdown in price in the Asian day session on weak export numbers has resulted in the wave cycle extending. This means that the initial 5-waves lower has become 1 on the higher timeframe cycle, the pullback to USD 104.05 has become 2, whilst the move lower today (07/11) is the wave 3. We are on the daily 200-period MA (USD 101.15), meaning price is at an inflection point; however, this move lower is a bearish impulse wave 3, meaning upside moves should be considered as countertrend. It also means that we expect this wave three to trade below USD 99.10 in the near-term, and potentially lower. Bearish.

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