

Capesize Feb 26 Morning Technical Comment – 240 Min



Source Bloomberg

Synopsis - Intraday

- Price is below the 8–21 period EMA's
- RSI is below 50 (38)
- Stochastic is above 50
- Price is below the daily pivot level (16,408)
- Technical outlook—Cautious bull. We noted on Friday that the move above USD 16,675 fractal resistance had shifted the technical picture into bullish territory. The RSI moving average indicated light momentum support; however, price remains between the 8–21 period EMAs, whilst the 55-period EMA continued to slope bearishly, suggesting the broader trend had yet to fully turn. The fractal break had produced a higher high, which in theory supported a bullish price structure. That said, the RSI remained below 50, and price was still trading below the 55-period EMA at USD 18,326. For upside continuation, the market would need to close above and hold above this medium-term average, ideally accompanied by a bullish RSI confirmation. As previously highlighted, the presence of a negative (correction, positive) divergence warranted continued caution on downside moves at that stage.
- Having traded to a high of USD 16,800 the futures have seen bids start to fade. We are below the 8-21 period EMA's with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 16,408 with the RSI at or below 34 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side.
- Technical outlook—Cautious bull. As highlighted previously, the higher high supports a bullish price structure while the moving average on the RSI implies that momentum is supported. However, the broader trend is still yet to turn bullish as we remain below a bearish sloping 55-period EMA (USD 18,122) with the RSI below 50. For upside continuation, the market will need to close above and hold above this medium-term average, ideally accompanied by a bullish RSI confirmation. As highlighted last week, the presence of a negative divergence warrants continued caution on downside moves breakouts below USD 15,750.