

Capesize March 26 Morning Technical Comment – 240 Min



Intraday Technical Outlook: cautious bull

Sell-side pressure is starting to increase due to the negative divergence with the RSI, warning the USD 28,625 fractal support is becoming vulnerable. If broken, market sellers will target the USD 27,672 Fibonacci support. We identify this as a key level on the technical, if broken, then the probability of price trading to a new high within this phase of the cycle will begin to decrease. However, corrective throwbacks that hold at or above USD 20,822 will warn that there could be a larger, bullish Elliott wave cycle coming into play.

Price is now below the weekly pivot level at USD 29,866, a daily close below this level will further weaken the technical. With price selling lower on the negative divergence, we maintain a cautious approach on higher moves at this point.

Chart Source: Bloomberg

	Support	Resistance	Current Price	Bull	Bear
S1	29,791	R1	29,866	RSI above 50	
S2	29,179	R2	30,333		
S3	28,625	R3	31,496		

Options Overview

- Cape Q3 futures in divergence with the RSI while testing trend support at USD 30,423.
- A close below the support line will signal an increase in near-term buy-side pressure
- Put action yesterday with new positions opening in the Q3+4 25k put, indicating downside protection.
- Q1-27 23k calls we see an open position in 30 dpm. In line with our longer-term technical view that suggests move lower will be throwbacks within a broader bullish trend.
- Due to an increase in sell side pressure on March in confluence with negative RSI divergence, a possible structure that could suit would be 26k strike puts valued at \$775 x29700.
- Similar caution is expressed on Q3 Capes with RSI also in divergence, a downside protection structure may include a 28/34k collar valued at -100 x30750

