

Capesize Nov 26 Morning Technical Comment – 240 min



Support		Resistance		Current price	Bull	Bear
S1	34,767	R1	38,290	37,250	RSI above 50	Stochastic overbought
S2	33,733	R2	39,730			
S3	3,2960	R3	42,175			

Synopsis- Intraday

- Price is above the 8-21 period EMA's
- RSI above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot level (USD 34,767)
- Intraday technical outlook previously: Upside moves considered as countertrend
- The futures remained supported yesterday having closed above the daily 200-period MA at USD 33,545, if we held above the average then resistance could come under further pressure; conversely, caution was warranted on a close back below the average. Like the average, the RSI was above 40, if we held above it, then it will imply that momentum support is entering the market. However, based on the strength of the initial move lower, and our Elliott wave analysis, we maintained a cautious approach to higher moves while below USD 39,730. Above USD 39,730 then the probability of price trading at a new low would start to decrease. The counter argument to a move above USD 39,730 is that if the RSI moves above 50, a negative reversal pattern will come and remain in play while we are below the USD 42,175 level. We noted that this reversal pattern was a condition that would warn that support was vulnerable. The ADX at 35 and moving lower, market sellers would need to act with caution if price continued to rise with the ADX turning higher, as this would be a signal that price could be entering a bullish trending environment.
- The futures closed above the daily 200-period MA at USD 33,647 yesterday with price moving to new highs again this morning. We are above the 8-21 period EMA's supported by the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 34,767 with the RSI at or below 36.5 would mean price and momentum are aligned to the sell-side. Upside moves that fail at or below USD 38,290 would suggest that support levels remain vulnerable, above this level the probability of the futures trading at a new low within this phase of the cycle would start to decrease.
- Intraday Technical Outlook : Buyside pressure increasing
- The futures have closed and held the daily 200-period MA with the intraday RSI reclaiming the 40 and 50 levels, signaling an increase in buyside pressure. We highlight USD 38,290 as a key intraday resistance with key longer-term resistance at USD 44,362. The increase in buyside pressure is coming from the from the index technical, where the RSI has held 16, a historical support level. Even though we still think that upside moves should be countertrend in the futures, index moves have been historically aggressive to the upside when the 16 level has been tested held. This would suggest that the USD the key near-term resistance at USD 38,290 will be tested and broken, meaning USD 42,175 could be a focus on this technical, as there is a negative reversal pattern in play while below this level. Based on the index holding momentum support, historical price action would suggest that we move higher from here in the near-term.

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