

Capesize Nov 26 Morning Technical Comment – 240 min



Support		Resistance		Current price	Bull	Bear
S1	34,844	R1	38,290	36,375	RSI above 50	Stochastic overbought
S2	33,746	R2	39,730			
S3	33,002	R3	42,175			

Synopsis- Intraday

- Price is above the 8-21 period EMA's
- RSI above 50 (51)
- Stochastic is overbought
- Price is on the daily pivot level (USD 36,375)
- Intraday technical outlook previously: Buyside pressure increasing
- We noted yesterday that the futures had closed and held above the daily 200-period MA with the intraday RSI reclaiming the 40 and 50 levels, signaling an increase in buyside pressure. We highlighted USD 38,290 as a key intraday resistance with key longer-term resistance at USD 44,362. The increase in buyside pressure was coming from the from the index technical, where the RSI has held 16, a historical support level. Even though we still thought that upside moves should be countertrend in the futures, we noted that index moves have been historically aggressive to the upside when the 16 level had been tested held. This would suggest that the USD the key near-term resistance at USD 38,290 would be tested and broken, meaning USD 42,175 could be a focus on this technical, as there was 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.
- Having traded at a high of USD 37,375 the futures have seen bids fade this morning; however, we remain above all key moving averages supported by the RSI above 50, intraday price and momentum is conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 36,375 with the RSI at or below 43.5 would mean price and momentum are aligned to the sell-side; likewise, a close above this level would mean it is aligned to the buyside. 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: Supported
- The futures remain above the daily 200-period MA at USD 33,746 with the daily RSI reclaiming 60. However, the intraday RSI has started to find resistance below the 60 level, resulting in an intraday move lower on the open. A close below the low of the last dominant bull candle at USD 34,375 would signal that sell side pressure is on the increase, leaving the USD 33,002 support vulnerable. This is one of two key levels on the technical, as throwbacks that hold at or above USD 33,002 would warn that resistance levels could come back under pressure. The second is the USD 38,290 resistance, if rejected, then we target the USD 33,002 support; conversely, if broken, it would suggest that we are potentially in the process of entering a higher timeframe corrective phase. We continue to monitor the index, as highlighted yesterday historically, when the RSI has tested and held the 16 level, upside moves have been aggressive. This does warn that futures resistance levels remain vulnerable; however, we will need to see a continuation of bullish momentum on the index, as the carry has quickly widened to USD 5,480. The daily RSI is going to need to hold above the 40-level supported by the intraday RSI reclaiming 60, as momentum support will be key to upside continuation. Conversely, caution is warranted if the daily RSI starts to close and hold below 40, as this would indicate momentum weakness.

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