FIS

Capesize Technical Report

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Index

Technical outlook: RSI holding historical support

We noted in the close report last week that the RSI at 16 was testing historical support, implying it was overextended to the sell side, leaving it vulnerable to a move higher in the near-term. A close above the weekly pivot level at USD 28,679 would warn that buyside pressure is increasing, warning the 200-period MA at USD 33,739 could be tested. However, the strength of the downside move does imply caution on higher moves, as they could struggle to hold.

Nov 26

Technical Outlook: Caution on upside moves

The downside breakout means we have seen a lower timeframe Elliott wave extension. The recent upside has resulted in the futures trading back above the 200-period MA at USD 33,453; if we close and hold above the average it will signal buyside support is entering the market. However, we have a 5-wave pattern lower that suggests upside moves should be considered as countertrend, as we are looking at a wave A completion, meaning the next move higher will be a countertrend wave B. Alternatively, it could be a double 3 pattern, which should consist of 7-waves, again, suggesting upside moves should be countertrend.

Q1 27

Technical outlook: Caution on upside moves

We had been expecting price to hold below the USD 29,130 level on this move higher; however, it has been breached, implying buyside pressure is increasing, meaning focus should now be on the USD 30,898 resistance. If we reject the USD 30,898 level it will warn that the corrective phase has the potential to be more complex. Our issue is the recent correction in the index, as this has reverted to 3-year average values; admittedly, the index is still at USD 27k, but the Q1 remains 15,244 above its 3-year average value. Time is a factor, but at these levels, price is still exposed to the downside.

Cal 27

Technical Outlook: Supported

The downside move in the futures held above the trend support line at USD 30,207, resulting in price moving higher with the RSI reclaiming the 40 level, indicating market support. The counter argument; like the Q1 we are looking at a 5-wave pattern lower, or a double 3 pattern, warning upside moves have the potential to be countertrend, providing the USD 33,355 resistance is not breached. Although supported, we have a note of caution on higher moves due to the wave count.

C5 Nov 26

Technical outlook: Caution on upside moves

The ADX at 44 signals we are in a bearish trending environment, while the move below USD 13.75 warns that the probability of the futures trading to a new high has started to decrease, meaning we are currently cautious on upside moves. If the RSI reclaims and holds above the 40 level, then the momentum support would warn that the USD 15.52 resistance could be tested. We mark USD 15.52 as a key resistance to follow; if broken, it would warn that price could be re-entering bullish territory.

Chart Source: Bloomberg

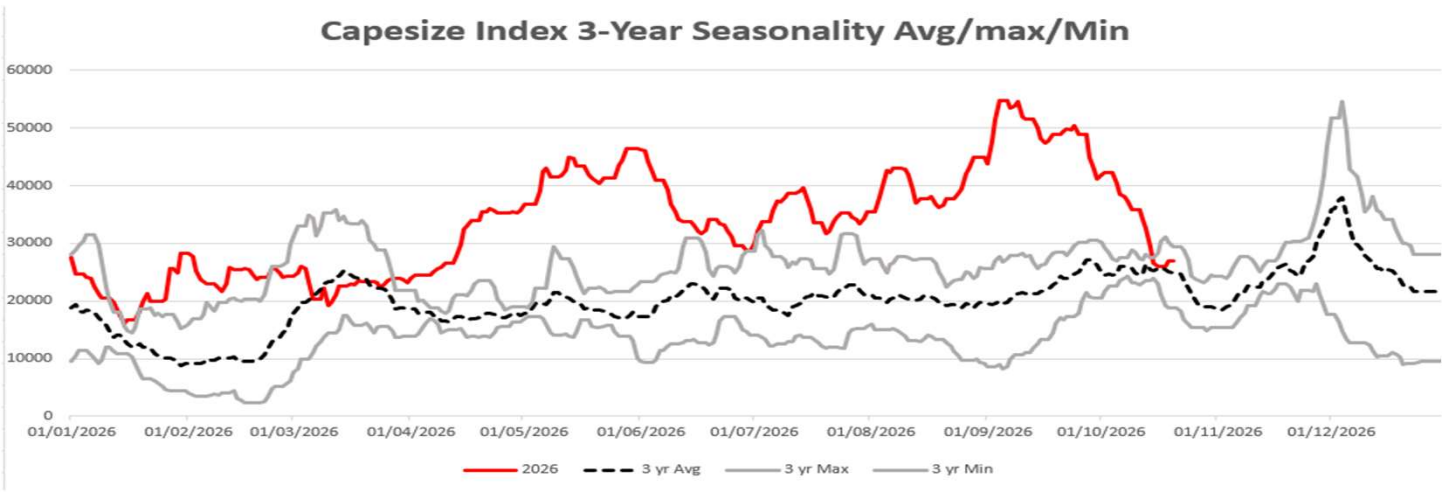
Capesize index

Support		Resistance		Current price	Bull	Bear
S1	25,961	R1	28,588	27,015	Stochastic oversold	RSI below 50
S2	24,528	R2	31,021			
S3	16,226	R3	33,739			

Chart Source Bloomberg

Synopsis - Intraday

- Price is below the 8-21 period EMA's
- RSI is below 50 (20)
- Stochastic is oversold
- Price is below the weekly pivot point (USD 28,679)
- Technical outlook Previously: Inflection point
- We noted last week that the index was testing the 200-period MA at USD 33,698, meaning we were at an inflection point. A close and hold below the average would leave market sellers looking to test the trend support line at USD 30,636; conversely, market sellers should act with caution on lower moves that fail to hold below the average, as it would signal it is being defended by the market. A close above the weekly pivot level at USD 37,350 would signal an increase in buyside pressure.
- The index closed below the 200-period MA, resulting in price selling at a low of USD 25,961. Price is below all key moving averages supported by the RSI below 50.
- Momentum based on price is aligned to the sell-side, a close above USD 327,5303 would mean it is aligned to the buyside. Upside moves that fail at or below USD 42,065 would leave the futures vulnerable to further tests to the downside, above this level the technical would have a neutral bias.
- Technical outlook: RSI holding historical support
- We noted in the close report last week that the RSI at 16 was testing historical support, implying it was overextended to the sell side, leaving it vulnerable to a move higher in the near-term. A close above the weekly pivot level at USD 28,679 would warn that buyside pressure is increasing, warning the 200-period MA at USD 33,739 could be tested. However, the strength of the downside move does imply caution on higher moves, as they could struggle to hold.



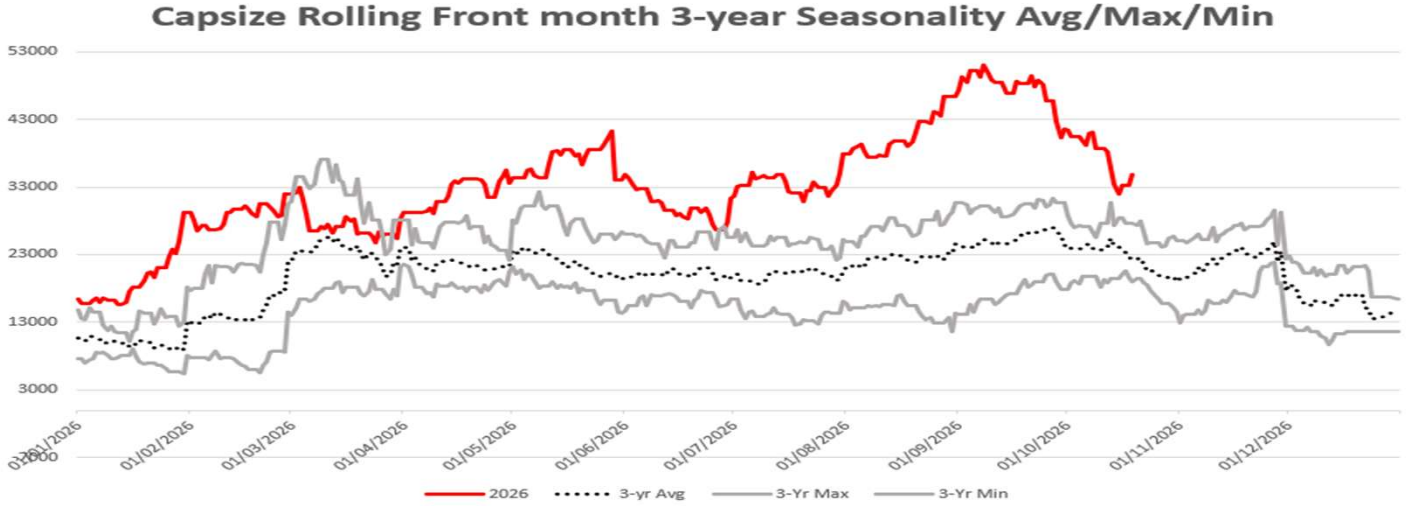
Capesize Nov 26

Support		Resistance		Current price	Bull	Bear
S1	32,400	R1	36,462	35,125	Stochastic oversold	RSI below 50
S2	29,571	R2	38,290			
S3	27,162	R3	39,730			

Chart Source Bloomberg

Synopsis - Intraday

- Price is below the 8-21 period EMA's
- RSI is below 50 (36)
- Stochastic is oversold
- Technical Outlook Previously: Potential lower timeframe Elliott wave extension
- We noted last week that the daily RSI has made a new low, while the intraday 4-hour RSI remains divergent, this did suggest that caution was still warranted on lower moves at this point. However, the 1-hour RSI has broken near-term support, implying we could be looking at a lower timeframe bearish Elliott wave extension. Upside moves that failed at or below USD 40,628 would warn that support level could come back under pressure, while a move above the USD 42,175 fractal resistance would suggest market buyers are becoming dominant. Mixed signal suggest focus should be on the USD 40,628 resistance.
- The RSI low on the 1-hour timeframe did signal an Elliott wave extension, resulting in price trading at a low of USD 30,750 before seeing bid support. We remain below the 8-21 period EMA's supported by the RSI below 50.
- Upside moves that fail at or below USD 38,290 would warn that there could be a larger, more complex corrective phase in play.
- Technical Outlook: Caution on upside moves
- The downside breakout means we have seen a lower timeframe Elliott wave extension. The recent upside has resulted in the futures trading back above the 200-period MA at USD 33,453; if we close and hold above the average it will signal buyside support is entering the market. However, we have a 5-wave pattern lower that suggests upside moves should be considered as countertrend, as we are looking at a wave A completion, meaning the next move higher will be a countertrend wave B. Alternatively, it could be a double 3 pattern, which should consist of 7-waves, again, suggesting upside moves should be countertrend.



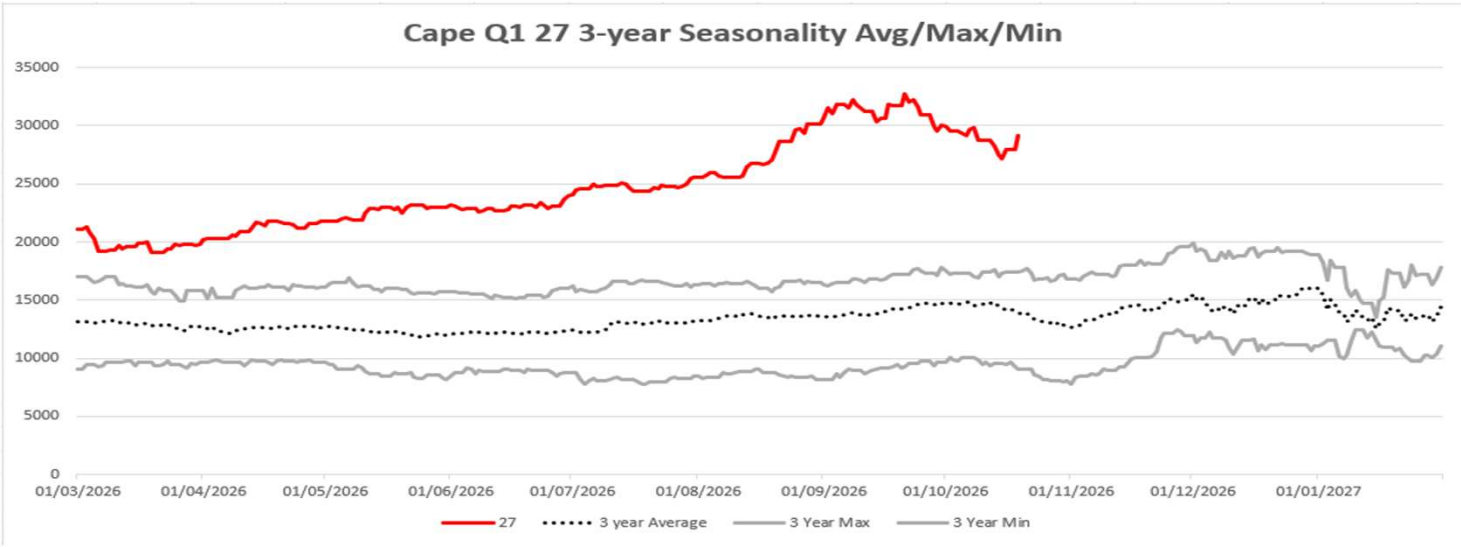
Capesize Q1 27

Support		Resistance		Current price	Bull	Bear
S1	26,675	R1	30,125	29,225	Stochastic oversold	RSI below 50
S2	26,080	R2	30,898			
S3	23,834	R3	31,714			

Chart Source Bloomberg

Synopsis - Intraday

- Price is between the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is oversold
- Technical outlook Previously: : Sell side pressure increasing
- We noted last week that the technical outlook had the potential to be misleading, as the current candle was still open. If we closed and held below the 55-period EMA at USD 28,923 with the RSI below 40, it would indicate sell side pressure is increasing. If the RSI held above 40, and price failed to hold below the 55-period EMA, it would warn that there was underlying support in the market. We had warning signs that sell side pressure could be increasing; however, we needed to see further downside at that point.
- The futures closed below the 55-period EMA resulting in price selling at a low of USD 26,625 before seeing bid support. We are between the 8-21 period EMA's with the RSI near-neutral at 49.
- Downside moves that hold at or above USD 23,834 would support a longer-term bull argument, below this level the technical would have a neutral bias.
- Technical outlook: Caution on upside moves
- We had been expecting price to hold below the USD 29,130 level on this move higher; however, it has been breached, implying buyside pressure is increasing, meaning focus should now be on the USD 30,898 resistance. If we reject the USD 30,898 level it will warn that the corrective phase has the potential to be more complex. Our issue is the recent correction in the index, as this has reverted to 3-year average values; admittedly, the index is still at USD 27k, but the Q1 remains 15,244 above its 3-year average value. Time is a factor, but at these levels, price is still exposed to the downside.



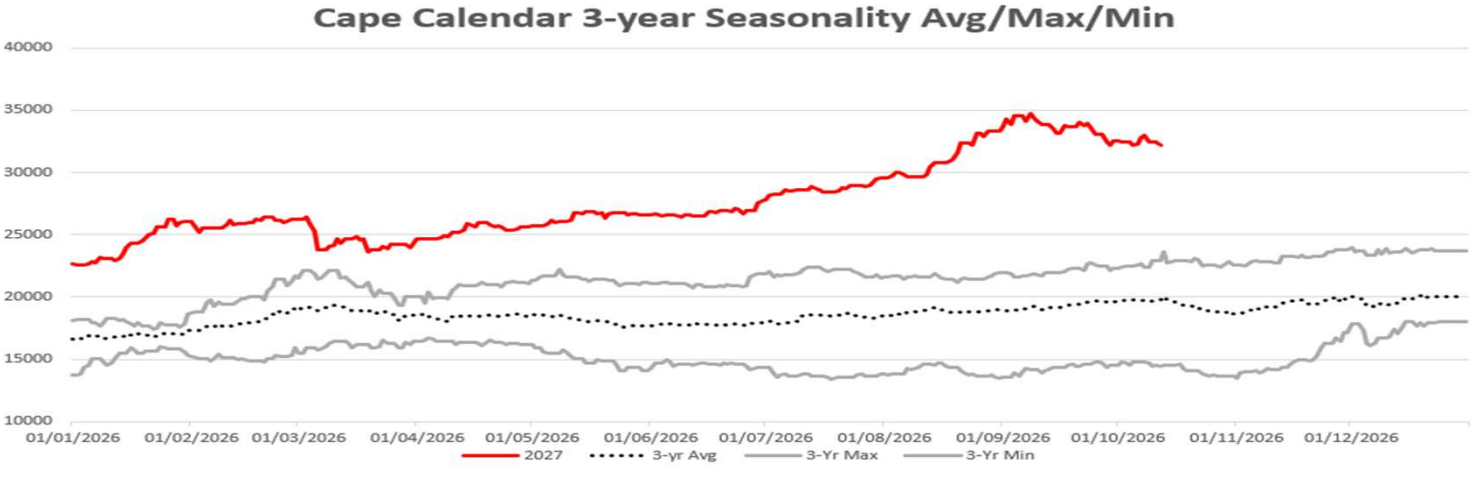
Capesize Cal 27

Support		Resistance		Current price	Bull	Bear
S1	30,525	R1	32,675	32,350	Stochastic oversold	RSI below 50
S2	30,207	R2	33,355			
S3	29,157	R3	34,800			

Synopsis - Intraday

Chart Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is oversold
- Technical Outlook last week: bullish throwback
- Unchanged on the technical last week, the futures remained in a corrective phase with price moving below the 50-period SMA; however, the RSI remained above the 40 level at that point. As highlighted previously, USD 31,800 was the 100% Fibonacci projection of the first corrective wave, projected from the high of the second wave; market sellers should act with caution around this level, as it had the potential to attract buyside support. Conversely, caution was warranted if the RSI held above the 40 level, as it would warn of momentum support. A close and hold below USD 31,800 with the RSI below 40 would leave the primary trend support at USD 29,747 vulnerable. From the outside, it looks like the Cal is seeing a slow correction into a rising 200-period MA, as it looked to close the reversion gap.
- The futures closed below the USD 31,800 level without seeing any form of bid support, resulting in price selling at a low of USD 3,550 before moving higher. We are between the 8-21 period EMA's with the RSI near-neutral at 49.
- Downside moves that hold at or above USD 29,157 would support a bull argument, below this level will the technical would have a neutral bias.
- Technical Outlook: Supported
- The downside move in the futures held above the trend support line at USD 30,207, resulting in price moving higher with the RSI reclaiming the 40 level, indicating market support. The counter argument; like the Q1 we are looking at a 5-wave pattern lower, or a double 3 pattern, warning upside moves have the potential to be countertrend, providing the USD 33,355 resistance is not breached. Although supported, we have a note of caution on higher moves due to the wave count.



Capesize C5 Nov 26 (Heiken Ashi Chart)

Support		Resistance		Current price	Bull	Bear
S1	13.75	R1	15.52	14.25	Stochastic oversold	RSI below 50
S2	13.17	R2	16.93			
S3	12.19	R3	18.59			

Chart Source Bloomberg

Synopsis - Intraday

- Heikin-Ashi—This is a blended price to create a candlestick chart rather than a line chart. The chart is based off close only data
- Price is between the 8-21 period EMA's
- RSI is below 50 (27)
- Stochastic is oversold
- Technical outlook Previously: Positive divergence
- The futures had traded at new lows last week, the RSI had not, signaling a positive RSI divergence. This was a condition that warned that sell side momentum could slow down, it was not a buy signal and needed confirmation from bullish price action. Upside moves that failed at or below USD 15.80 would warn support levels could come under further pressure; conversely, above USD 15.80 the probability of the futures trading at a new low would start to decrease, suggesting buyside pressure is increasing. While the divergence is in play, market sellers should act with caution.
- The futures continue to come under pressure with price trading at new low, resulting in the divergence failing. Bid support today means that we are between the 8-21 period EMA's supported by the RSI below 50.
- Upside moves that fail at or below USD 15.52 will leave the futures vulnerable to further tests to the downside, above this level the technical would have a neutral bias.
- Technical outlook: Caution on upside moves
- The ADX at 44 signals we are in a bearish trending environment, while the move below USD 13.75 warns that the probability of the futures trading to a new high has started to decrease, meaning we are currently cautious on upside moves. If the RSI reclaims and holds above the 40 level, then the momentum support would warn that the USD 15.52 resistance could be tested. We mark USD 15.52 as a key resistance to follow; if broken, it would warn that price could be re-entering bullish territory.

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