

## Cape V Pmx Q4 20 Spread



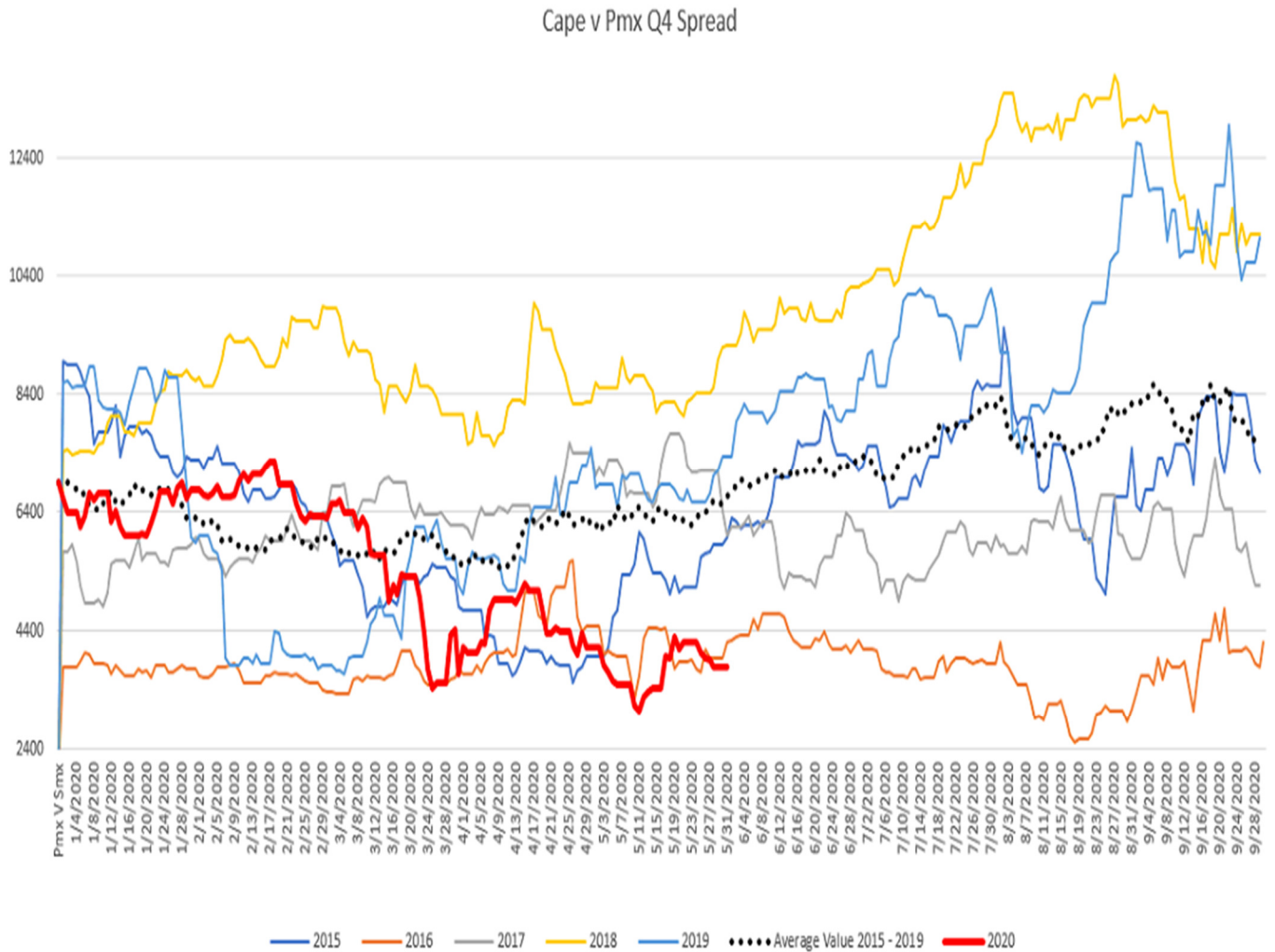
	Support	Resistance	Current Price	Bull	Bear
S1	3,810	R1	4,362		RSI Below 50
S2	3,664	R2	4,743		
S3	3,527	R3	5,206		

Chart Source Bloomberg

### Synopsis - Intraday

- Price is above the 8 – 21 period EMA
- RSI is below 50 (44)
- Market can do 3 things, up, down or neutral
- Neutral argument— price is below the 8—21 period EMA's the averages themselves are flat indicating a lack of trend
- Bearish argument—the RSI is below 50 the stochastic is overbought, based on momentum the futures spread looks vulnerable to another technical pullback. However, .....
- Bull Argument—the RSI slope is bullish, the futures spread has rallied on the back of a positive divergence. Price made new lows but the spread did not. The divergence was not a buy signal, it was a warning of a momentum slowdown. We can see that the spread rallied on the back of the divergence
- Having held at resistance the spread is now testing support
- The trend is bearish, the divergence has pushed the spread into a neutral phase suggesting it could be in a transitional period
- Below is the seasonality chart

**Cape V Pmx Q4 spread**



- The current spread value is USD 3800 (close on the 31—5—20 )
- The 5 year average for this periods is USD 6,650 meaning the spread is USD 2,850 below the 5 year mean
- The lowest close for this spread over the last 5 years is USD 2,495
- The lowest close for this spread on the 29th Sep over the last 5 years is USD 3,801
- The highest close on the 29th Sep over the last 5 years is USD 11,121
- The highest 5 year average value over the last 5 years is USD 8,571
- This could be another 2016, the probability is always even between a good or bad year. However, the historical would suggest the probability is to the upside based on the last 5 years
- The trend is bearish but the technical has rallied off the back of a positive divergence
- A trade disagreement and a Pandemic with an epicenter do put serious questions to this spread. China’s PMI indicates economic expansion potentially countering the negatives