FIS

Capesize Q2 21

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Synopsis:

Having moved the best part of USD 1,500 lower since the last Q2 report, we have seen a resurgence of over USD 1,000 in the futures.

The technical remains below key moving averages and needs to trade above the USD 13,625 to create a higher high in the market and be considered as bullish. The secondary pullback has been deeper than the first and below the base of the wave 2 corrective move in December. From an Elliott wave point of view waves 1 and 4 should not overlap, however this is more accepted in modern Analysis. The pullback below the wave 2 means that any upside move at this point is not a bullish impulse move in Elliott wave terms.

Momentum on the daily technical is warning of a test to the upside, suggesting near-term resistance up to USD 13,690 could be tested. Intraday analysis would suggest we have a resistance zone between USD 13,250—USD 13,690. Upside moves above the USD 13,280 level would warn we could test the upper end of the resistance zone, a level that market sellers will want to defend.

The seasonality chart would suggest we have a potential month of consolidation ahead of us. With our intraday Elliott wave analysis trading below the base of wave 2 we have to conclude that upside moves should be considered as countertrend at this point, as the move is not considered as bullish impulse supported by the seasonality chart that is neutral to bearish.

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Capesize Q2 Weekly Rolling Front Quarter

Support		Resistance		Current Price	Bull	Bear
S1	12,010	R1	14,702	12,915		Stochastic overbought
S2	10,596	R2	16,361			
S3	10,038	R3	18,723			

Source Bloomberg

Synopsis - Intraday

- Price is above the 8—21 period EMA's
- RSI is at 50 (49.2)
- Stochastic is overbought
- The weekly rolling front quarter futures continue to hold below the USD 14,702 resistance.
- Last weeks downside move has held above the 8—21 period EMA's which are flat. The averages are showing a lack of trend in the market, suggesting the futures are either breathing or in the early stages of a transitional phase
- Momentum continues to look vulnerable based on the neutral RSI and overbought stochastic. The RSI needs to move above and hold above the 50 level, for the stochastic to be discounted
- Downside moves that hold at or above the USD 9,280 level would support a buyers argument, below this level the pull-back is considered as deep and the phase neutral

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Capesize Q2 Daily

Support		Resistance		Current Price	Bull	Bear
S1	12,616	R1	13,250	12,925	RSI above 50	
S2	12,475	R2	13,690			
S3	12,283	R3	14,036			

Source Bloomberg

Synopsis - Intraday

- RSI is above 50 (57)
- Stochastic is oversold
- Price is between/above the 8 –21 period EMA's
- As highlighted on the last Q2 21 report, price that trades below the USD 12,444 level has the potential to test the USD 11,808 Fibonacci support. USD 12,444 was broken with price trading down to USD 11,875.
- The futures remain in a corrective phase with the downside move holding above the 55 period EMA. Price is now above the 8—21 period EMA.s with the RSI above 50 and the stochastic oversold. daily momentum indicators are warning we have the potential for another test to the upside
- Key resistance is between USD 13,250—USD 13,690. Upside moves that fail in the resistance zone would leave the technical vulnerable to further tests to the downside. Above the USD 13,690, price will have created a higher high with the upside move being considered as deep into the bear phase that started on the 11/01/21, meaning the technical phase would be potentially entering into bullish territory

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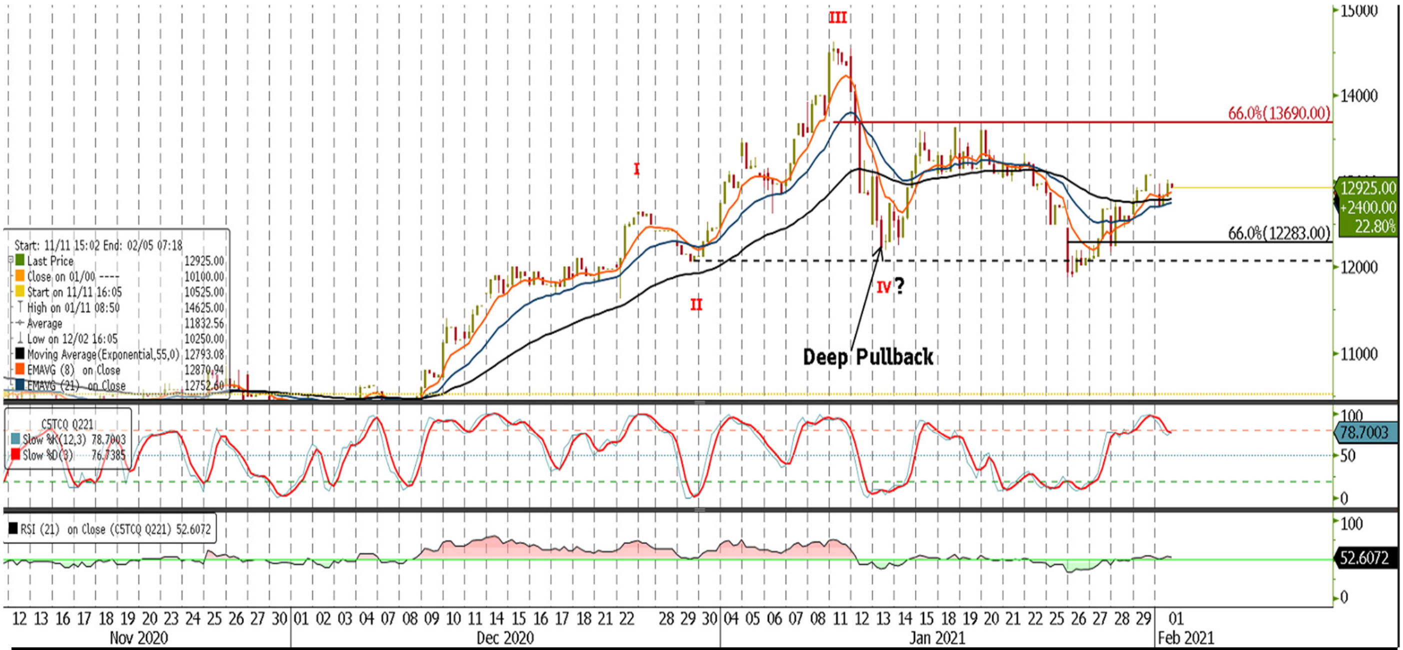
Capesize Q2 21 (Intraday)



Support		Resistance		Current Price	Bull	Bear
S1	12,616	R1	13,075	12,925	RSI above 50	Stochastic overbought
S2	12,475	R2	13,325			
S3	12,283	R3	13,690			

Source Bloomberg

Synopsis - Intraday

- Price is above the 8-21 period EMA
- RSI is above 50 (52)
- Stochastic is overbought
- As highlighted last week there were some inconsistencies for the futures to be considered to be in a bullish Elliott wave cycle. The main issue being the depth of the pullback and the wave 1, wave 4 overlap. Both of which suggested the intraday technical was potentially not a bullish Elliott wave cycle. This resulted in a downside move of USD 1,500 with price trading below the base of our initial wave 2
- The futures have now recovered by more than USD 1,000, however to be considered as bullish we now need to see price trade above the USD 13,625 level. At this point the upside move will have made a higher high, meaning it could potentially test the 14,625 high
- The deep pullback would suggest the upside move is unlikely to be a bullish Elliott wave cycle. It is important to remember that the Elliott wave is based on a theory and not fact
- If price trades above the USD 13,280 level then it could target the USD 13,690 resistance

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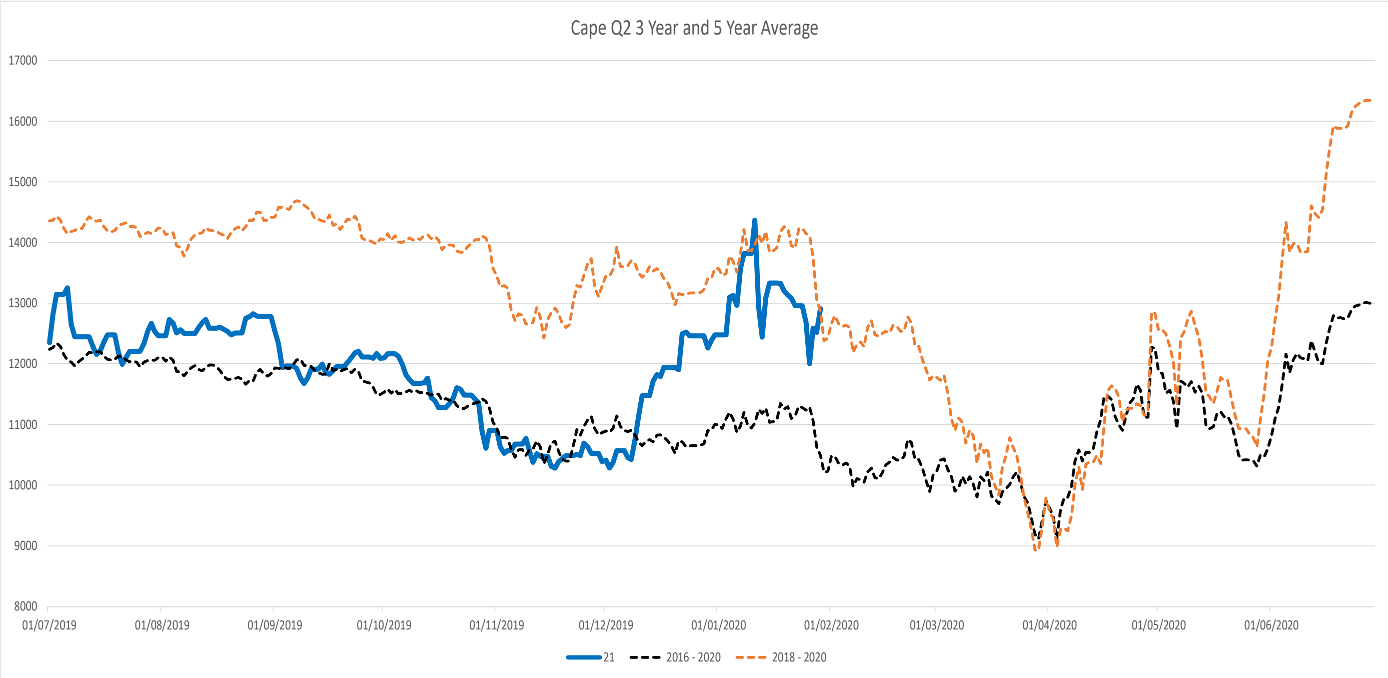
Q2 Seasonality



Synopsis - Intraday

Source Bloomberg

- The chart above gives us the 3 and 5 year average values for the Capesize futures
- The solid line represents the current market value for the Q2 futures, based on the close on the 29/01/21. Price is now trading at the 3 year average value
- As highlighted previously the futures historically weaken considerably leaving them vulnerable to a test to the downside, this has been the case with a downside move greater the 10% in 3 days, and 12.8% from the USD 13,625 high
- The seasonality chart is entering a time of consolidation that could last for potentially the whole of February before weakening again in March