



Capesize Technical Report

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Index

Little has changed from the report last week, the trend remains bearish with price below all key moving averages, supported by the RSI below 50. We continue to see a positive divergence between the RSI and price, not a buy signal, it is warning of the potential for a momentum slowdown which we are currently witnessing as price has been moving sideways for the last six sessions.

Feb 22

The futures remain technically bearish and in trend. Last week due to the positive divergence, we noted that the market had the potential to see a momentum slowdown, meaning that's although we were bearish the futures were not considered a technical sell. Price has moved lower but the divergence remains in play with the RSI nearing a key support at 34, if broken the USD 12,062 support could be tested. A close above USD 16,363 would mean that momentum is improving based on price; however, to be considered bullish we would need to trade above the USD 17,750 fractal resistance.

Q2 22

Q2 futures now. Yesterday's downside move has created a lower low in the market meaning the technical is bearish; the big question is, are we looking at a complex corrective phase, or a bullish impulse move? The 5-year seasonality chart on index would support a corrective move, if we trade below USD 20,893 then the probability of the USD 19,100 and USD 16,750 fractal supports being tested will increase. If we hold this level and the RSI moves above 50 and price above the 55 period then we could potentially be bullish impulse, this would be confirmed by a move above USD 24,375.

Cal 23

The trend is technically bullish with the futures making higher highs and higher lows, price has entered a corrective phase, but the RSI is holding above 50. Upside moves above USD 20,050 will be considered bullish suggesting the futures have the potential to trade above the USD 20,750 high. Key support is that USD 18,270, downside moves that hold above this level will support a bull argument, below this level the probability of the futures going on to make a new high will decrease. The intraday technical he's now bearish.

Capesize Index



	Support	Resistance	Current Price	Bull	Bear
S1	17,727	R1	19,284	Stochastic oversold	RSI below 50
S2	16,421	R2			
S3	15,164	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the 8-21 period EMA's
- RSI is below 50 (32)
- Stochastic is oversold
- The trend remains technically bearish with price below the 8-21 period EMA's, supported by the RSI below 50
- The index did close above USD 19,847 but has failed to hold above this level, price is now below USD 20,048 indicating momentum is again weakening based on price
- We continue to see a positive divergence between the index and the RSI, the divergence is a warning of the potential for momentum slow down, it is not a buy signal as divergencies can and do fail at times
- Key resistance remains unchanged, upside moves that fail at or below USD 34,888 will remain vulnerable to further tests to the downside. Above this level price will target the USD 43,030 fractal resistance
- Technically bearish and in trend, we are seeing a momentum slowdown as price has been moving sideways for the previous six sessions

Capesize Feb 22 (1 Month forward)



Support		Resistance		Current Price	Bull	Bear
S1	12,062	R1	17,750	14,250	Stochastic oversold	RSI below 50
S2	10,250	R2	19,750			
S3	10,050	R3	22,375			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (35)
- Stochastic is oversold
- The futures are below all key moving averages supported by the RSI below 50, We remain in a technically bearish and in trend
- On the last report we noted that although technically bearish the futures were not considered a technical sell due to the positive divergence. Price has moved lower driven mainly by the coal export ban out of Indonesia, bringing the divergence into question. If the RSI goes below 34 the divergence will have failed
- Key fractal resistance is at USD 17,750, upside moves above this level will create a higher high in the market and be considered bullish
- A close above USD 16,363 would mean that momentum is improving based on price
- The RSI is on key support, if broken the futures have the potential to test the USD 12,062 level. We maintain our view that the trend is technically bearish but not considered a technical sell whilst the divergence is in play. It is important to remember that this is a technical perspective and needs to be used alongside a fundamental or physical approach.

Capesize Q2 22



	Support	Resistance	Current Price	Bull	Bear
S1	20,893	R1	24,375		RSI below 50
S2	20,228	R2	24,837		
S3	19,100	R3	26,400		

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is below 50 (47)
- Stochastic is above 50
- The futures traded below the USD 22,625 fractal support yesterday meaning the Q2 futures are now bearish based on price. We are below all key moving averages supported by the RSI below 50
- The futures have produced a 3-wave upside pattern, this would suggest the upside move could be a corrective phase within a longer-term bear trend
- The RSI is below 50 but at 47 it is near neutral, if the RSI moves above 50 and holds about this level with price trading above the 55-period EMA (USD 22,360) then we could see technical buyers looking to test the USD 24,375 fractal resistance. This is a key level, at this point we have a 3-wave pattern, if we trade above the resistance then it would suggest the move is bullish impulse rather than corrective
- A conflicting technical, a complex correction or a bullish impulse move? If the futures hold above USD 20,893 then we are potentially in a bullish impulse phase. If this level is broken the probability of the USD 19,100 and USD 16,750 fractal supports being tested will increase. Seasonality leans to the sell side

Capesize Cal 23



Support	Resistance	Current Price	Bull	Bear
S1	18,750	18,975	RSI above 50	
S2	18,270			
S3	17,892			
	R1	20,050		
	R2	20,250		
	R3	20,750		

Synopsis - Intraday

Source Bloomberg

- Price is below the 8—21 period EMA's
- RSI is above 50 (52)
- Stochastic is above 50
- Cal-23 The trend is technically bullish with price now in a corrective phase. The futures are below the 8-21 period EMA's but the RSI is above 50
- Downside moves that hold at or above USD 18,270 will support a bull argument, below this level the pullback is considered as deep, meaning the technical would be considered as neutral/bullish. A deep pullback would imply that the probability of the futures going on to make a new high will have decreased
- Upside moves above USD 20,050 will break a fractal resistance, at this point the technical would be bullish, suggesting the USD 20,250 and USD 20,750 fractal resistances will be tested
- Technically bullish and in trend the intraday technical is now bearish having made a lower low, key support is that USD 18,270 as this could define whether the move is a bullish impulse play that will go on to make a new high

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