

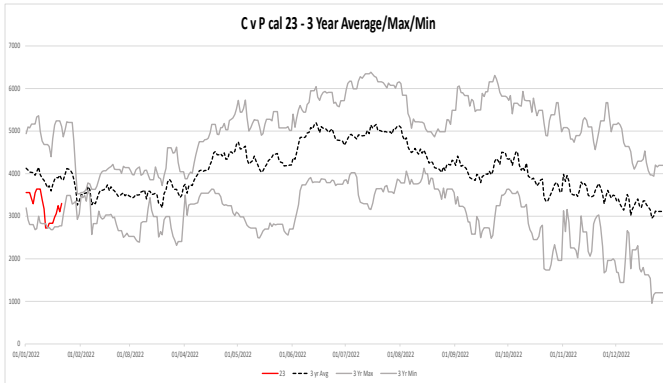
Capesize v Panamax Cal 23

The spread has recently found support on the back of an oversold stochastic whilst being two standard deviations away the 3-month regression line. We remain below the 55-period EMA with price looking to target the USD 3,500 level in the near-term (regression line), this is also in the area of the upper STARC band (Stoller Average Range Channel) making it a key area of resistance

The trend is bearish based on the spread making a series of lower lows, this is supported by the RSI which is below 50. With the stochastic nearing overbought territory momentum could soon look vulnerable to a further test to the downside. However, this would put price near historical lows making it a natural area of support.. Suggesting value comes from the buy-side at lower levels.



Chart source Bloomberg



Illustrated on the left is the 3-year seasonality chart alongside the maximum and minimum values during this period. January can be a volatile month for the spread with a range of over USD 2,000. We noted on the technical that the spread was looking to target the USD 3,500 linear line. This is about USD 350 below the 3-year average value; however, mean valuations do drop to this level near the end of January.

The 3-year seasonality chart would suggest the spread is a little undervalued

We have added the 5-year average chart to give a less volatile picture and illustrate the shape of the seasonality chart.

If the technical is correct and we see some form of pull-back it would support the theory that we could see some good buying support at lower levels, as the Average 5-year value (shape) would suggest this spread could see an increase in valuation during the first half of 2022

