



Capesize Technical Report

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Index

The upside move in the index failed to test our resistance levels, resulting in price testing the USD 13,414 support, if broken the technical is bearish with price looking to test the USD 12,000 fractal support and potentially the 3-year average value at USD 10,057. Upside moves that fail at or below USD 20,032 remain vulnerable to further tests to the downside, above this level we target the USD 23,413 fractal resistance. The 3-year seasonality chart has turned bullish, but the RSI is below its moving average and the 50 level, warning we could mean revert back to the USD 10,057 level before turning higher.

May 22

The technical entered bull territory on the back of the futures roll which unfortunately put the carry with the index over USD 16,000, its widest ever, resulting in a technical pullback. Price is holding above the USD 23,995 support keeping the technical in bull territory, below this level it will have a neutral bias, only below USD 20,000 is the technical bearish. Seasonality does lean to the buy side, but the 3-year average value is at USD 13,700, again emphasizing the current high valuation. If we do hold and consolidate above the USD 23,995 level, it could warn that the index is readying for a turn; however, any further weakening in the index leaves the futures vulnerable to further tests to the downside. A point of note on the 4-hour intraday technical, the RSI is neutral at 49 with the stochastic oversold, if the intraday RSI goes above and holds above 50 then we could consolidate. Upside moves at this point are likely to struggle without some big numbers in the index due to the carry. Technically bullish, above support with seasonality on its side, upside moves will need index support at this point.

Q3 22

The trend remains technically bullish with the futures consolidating in what looks like a corrective wave-4 of this phase (I think we are still in an extended wave-3). Seasonality is bullish but price is USD 18,380 above the 3-year average. Momentum indicators would suggest that downside moves should be considered as countertrend, the question is are we distributing within this consolidation, does it have further to go on the downside? The bullish rejection candle (current daily candle) would suggest upside resistance levels could be tested, if we do trade to a new high, we will potentially have completed the extended Elliott wave 3. This would suggest another corrective/consolidation phase as the futures wait for the seasonality charts to close the disparity gap. Technically bullish with downside moves considered to be countertrend at this point.

Cal 23

Technically bullish and in trend the futures now have a neutral bias due to the depth of the pullback, however a bullish rejection candle today is warning that resistance levels could be tested. Upside moves above the USD 22,300 high are likely to create further negative divergences, not a sell signal it does warn we have the potential for further momentum slowdowns, suggesting upside moves above the high could be limited. The seasonality chart is bullish, but the wave cycle is suggesting there is a countertrend wave-4 coming soon.

Capesize Index

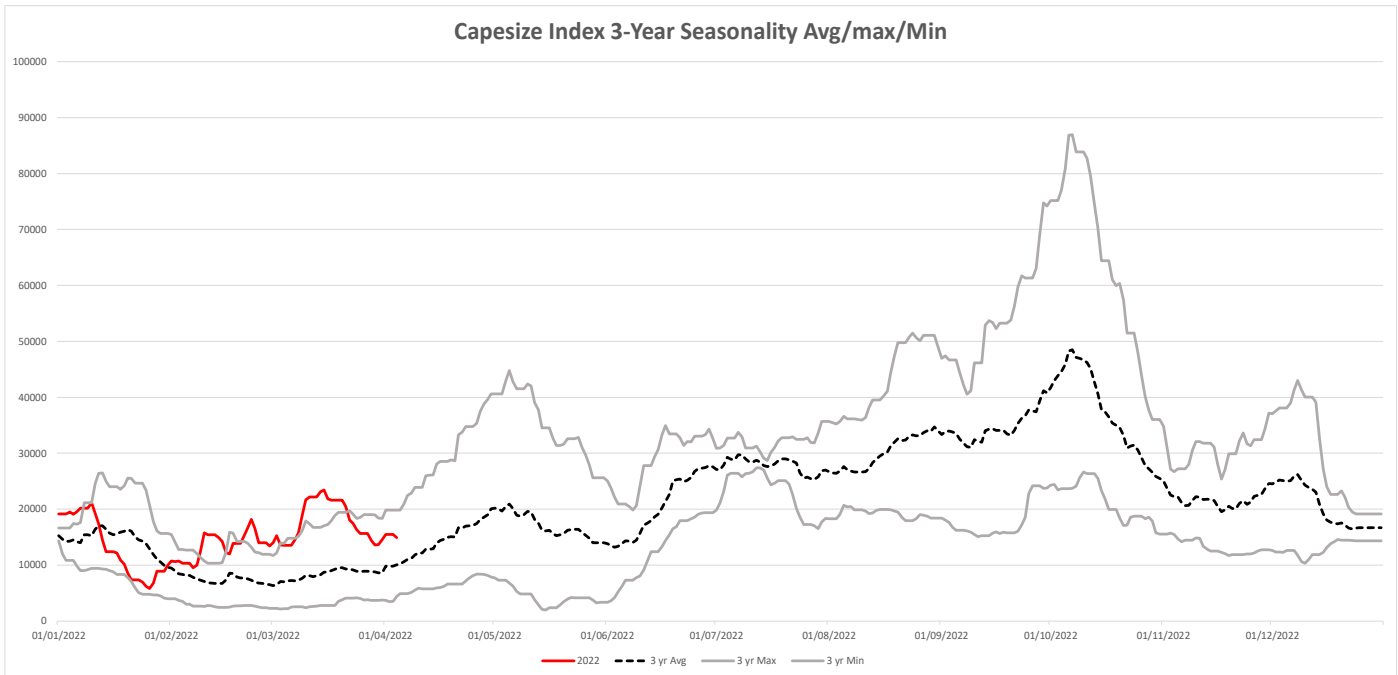


	Support	Resistance	Current Price	Bull	Bear
S1	13,414	R1	20,032	Stochastic oversold	RSI below 50
S2	12,000	R2	23,413		
S3	9,521	R3	24,605		

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (42)
- Stochastic is oversold
- Momentum based on price did move to the buy side, but the upside move failed to test any of our resistance levels. Price is below all key moving averages supported by the RSI below 50.
- The index is now testing the USD 13,414 support, below this level the technical is bearish, leaving the futures to test the USD 12,000 fractal support and the 3-year average value which is at USD 10,057.
- Upside moves that fail at or below the USD 20,032 remain vulnerable to further tests to the downside, above this level the index will target the USD 23,413 fractal resistance.
- The RSI is below 50 and currently failing at its moving average warning that momentum remains weak at this point.
- Technically neutral with support looking like it could be broken tomorrow, the 3-year seasonality chart (below) is suggesting there should be an upside move coming soon; however we could potentially see the index mean revert back to the average value (USD 10,057 and rising) before entering into a bullish phase.



Capesize May 22 (1 Month forward)

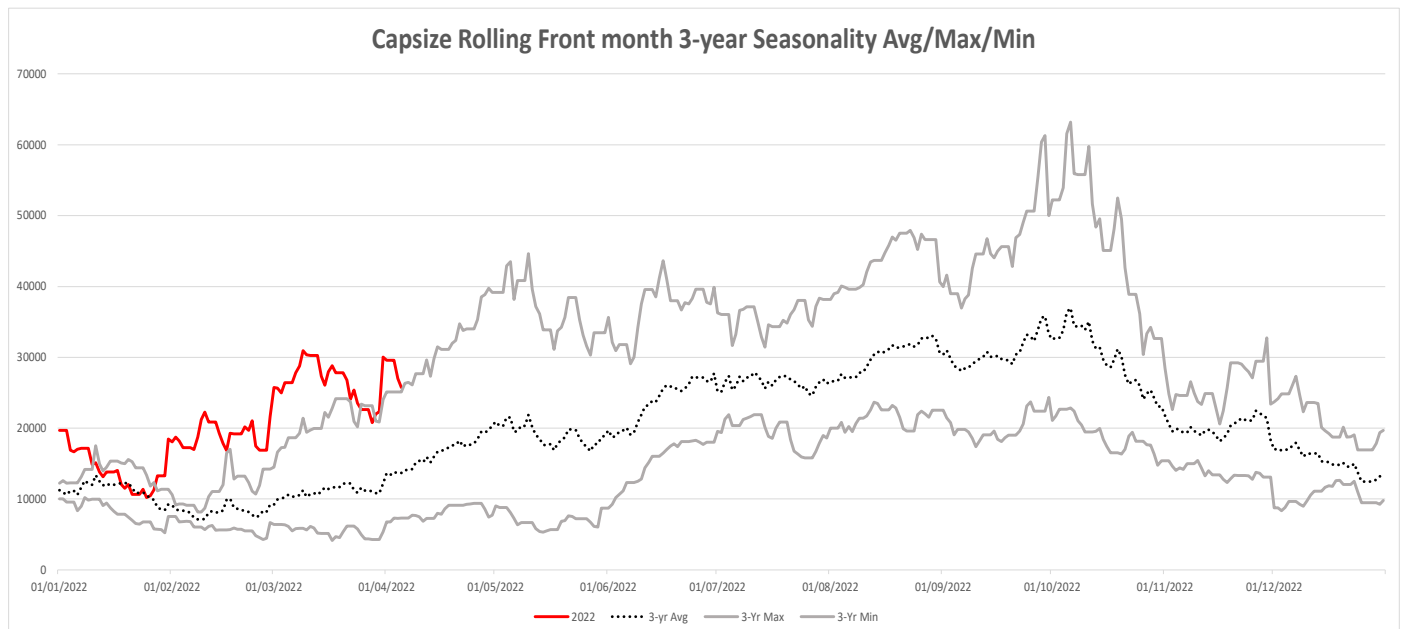


Support		Resistance		Current Price	Bull	Bear
S1	23,995	R1	27,501	25,875	RSI above 50	Stochastic overbought
S2	22,514	R2	28,312			
S3	20,000	R3	29,412			

Synopsis - Intraday

- Price is between the 8-21 period EMA
- RSI is above 50 (52)
- Stochastic is overbought
- The Roll into may resulted in the futures making a new high meaning the technical had entered bull territory. However, this also put the futures USD 16,000 above the index with price failing to close above the 200-period MA leaving the futures vulnerable to a technical pullback.
- Downside moves that hold at or above USD 23,995 will support a bull argument, below this level the futures will have a neutral bias. Corrective moves below the USD 20,000 fractal support will create a lower low, meaning the technical is bearish. Likewise, upside moves that fail at or below USD 29,412 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 31,750 high.
- The 3-year seasonality chart is now bullish; however, the average value is still at USD 13,700 (chart below) meaning there is still a large mean reversion gap in play. At this point the greater concern is the carry with the index which is currently still at USD 12,156. This would suggest that until the index turns, upside moves will find technical sellers at higher levels.
- The technical is bullish, as is the seasonality with price above the USD 23,995 support. However, until we see some sustained positive numbers out of the index that put momentum in bull territory, we remain vulnerable to further tests to the downside. If we start to consolidate in the futures then it could be an early warning that the index is readying a turn.

Source Bloomberg



Capesize Q3 22

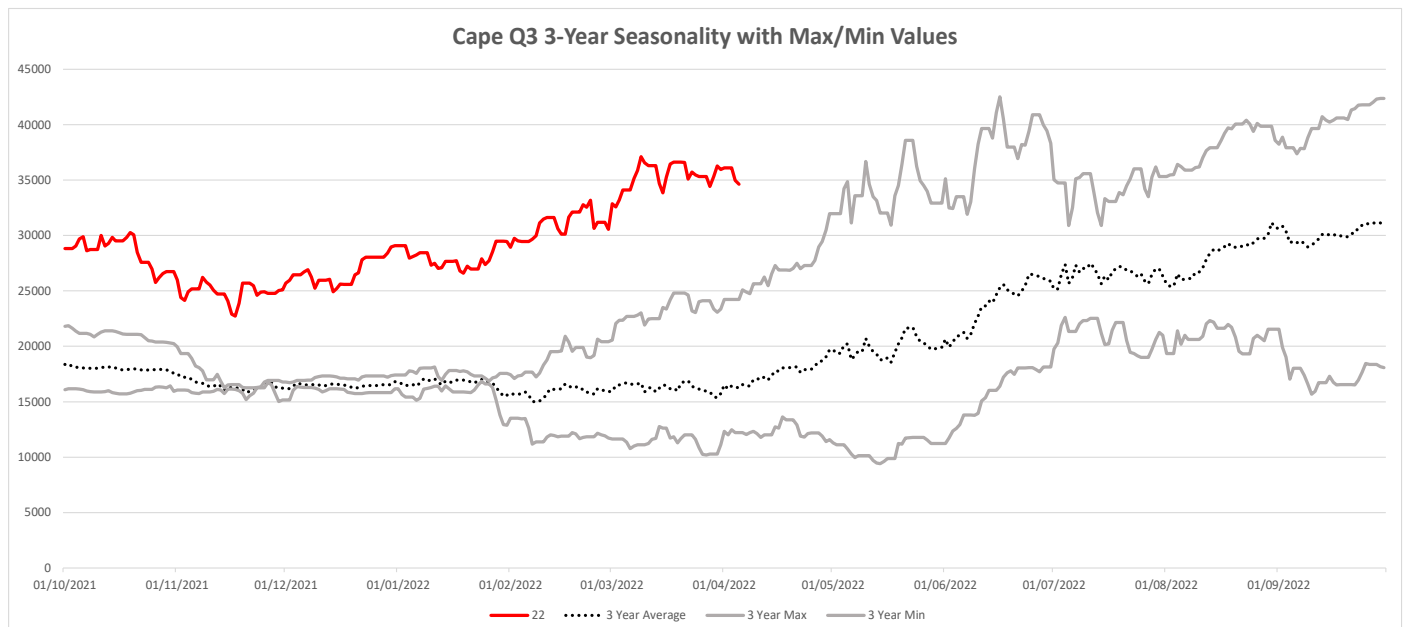


	Support	Resistance	Current Price	Bull	Bear	
S1	33,875	R1	34,625	RSI above 50	Stochastic overbought	
S2	32,715	R2				35,605
S3	31,801	R3				35,983

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is above 50 (52)
- Stochastic is overbought
- The downside move in the futures has held the USD 33,875 support today with what could potentially be a bullish rejection candle. Price is currently below the 8-21 period EMA's but the RSI is above 50.
- Upside moves that fail at or below the USD 35,605 resistance will leave the futures vulnerable to further tests to the downside, above this level we target the USD 36,625 and USD 37,500 fractal resistance levels.
- Downside moves below USD 33,625 will warn the USD 32,715 support could be tested. This is a key level as corrective moves lower that hold at or above this level will support a bull argument, below this level the technical will have a neutral bias.
- The futures have been in a consolidation phase for the last 5-weeks, our momentum indicators would suggest this is a corrective wave 4, indicating there is more upside in this technical. Seasonality charts are bullish, but we are USD 18,380 above the 3-year average value. Saying that based on our Elliott wave analysis downside moves should be considered as countertrend as this current wave 3 looks to have started around the USD 26,250 level and also has seasonality support. If we close above today's high tomorrow, then we could see resistance levels be tested.



Capesize Cal 23



	Support	Resistance	Current Price	Bull	Bear	
S1	20,947	R1	21,175	RSI above 50	Stochastic overbought	
S2	20,688	R2				22,300
S3	20,250	R3				22,503

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is above 50 (51)
- Stochastic is overbought
- We noted last week that the futures had moved 10% higher in two days, resulting in price creating a negative divergence, not a sell signal it did warn of the potential for a momentum slowdown. The futures have seen a deep pullback meaning the technical although bullish has a neutral bias. Price is below the 8-21 period EMA's with the RSI above 50.
- Downside moves below USD 20,250 will create a lower low, warning the daily technical is bearish, suggesting we could be entering a countertrend Elliott wave 4.
- The current candle looks like it will be a bullish rejection candle, implying that resistance levels could be tested; however, above USD 22,300 the futures will create further negative divergences which will warn we have the potential to see another corrective pullback.
- Seasonality does lean to the buy side at this point, but price is USD 7,000 above the 3-year average value, downside moves look like they will be countertrend. based on the seasonality chart market pullbacks are unlikely to create an Elliott wave failure as the current base of the wave 3 is at USD 15,425.

