



Capesize Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Index

As noted on the last report the index did trade below the USD 12,000 fractal support meaning the technical remains in a bearish trending environment, price is below all key moving averages supported by the RSI below 50. Upside moves that close above and hold above USD 11,670 will mean that momentum is improving based on price, whilst above the USD 15,460 level the technical will have broken fractal resistance; however, we remain vulnerable below USD 19,235. Seasonality leans to the buy-side (based on 3-year average values) until around the 05/05 indicating we will need to see a move higher soon, otherwise the technical could potentially remain weak for a prolonged period.

May 22

Based on price, the technical is bullish but with a neutral bias. The reality is that the futures are trending lower with price below all key moving averages whilst the futures carry with the index is around USD 11,623, suggesting upside moves will continue to find technical sellers unless the carry narrows to around the USD 4-5k level. 3-year seasonality values would suggest the futures could weaken between the 05/05 – 10/05, however we did see a weakening in price on the 27/04/20, indicating the USD 20,000 fractal support is starting to look vulnerable.

Q3 22

This is an interesting technical as price is on an extended Elliott wave 3, supported by a bullish longer-term seasonality chart. The futures are USD 17,172 above the 3-year average value and USD 8,407 above the 3-year max value, upside moves that trade above the USD 37,500 level will confirm that the futures have entered the wave-5 of the extended wave 3; However, the disparity gap would suggest if we do move to a new high price will struggle to hold, implying we will enter a higher timeframe Elliott wave 4. At this point we are still in the corrective wave-4 (of the extended wave-3) with the futures consolidating and upside moves struggling to hold, suggesting there could be more downside in this wave-4 before moving higher. Corrective moves lower are likely to be countertrend, however it is hard to put a bull argument on the technical at this point as upside moves are unlikely to hold.

Cal 23

The trend is technically bullish with price above all key moving averages supported by the RSI above 50. However, the RSI did create a negative divergence on a new high and has the potential to create further divergences above USD 22,425. Although not a sell signal, the divergence does warn of the potential for a momentum slowdown. The weekly chart has produced two consecutive hanging man candlesticks which again warn the futures are showing signs of exhaustion at this point, for this reason we do not regard the futures a technical buy at this point.

Capesize Index

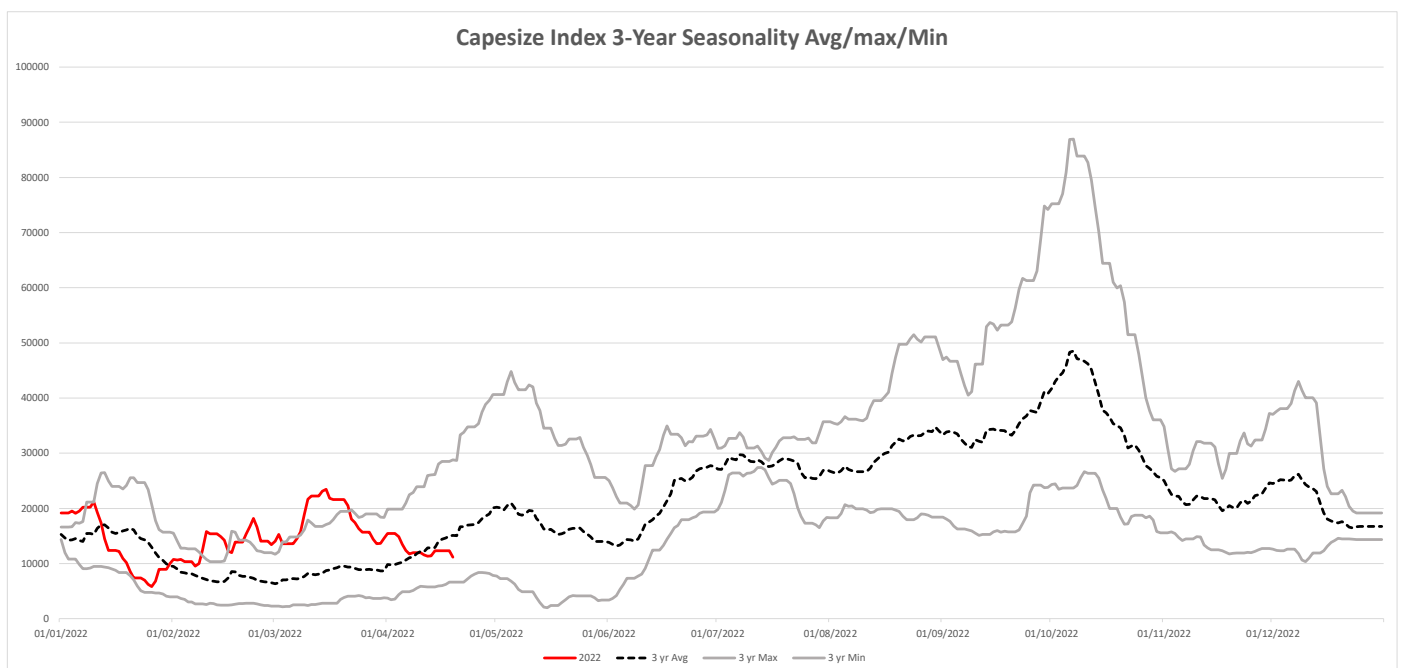


Support		Resistance		Current Price	Bull	Bear
S1	10,581	R1	15,460	11,127	Stochastic oversold	RSI below 50
S2	9,429	R2	17,270			
S3	7,790	R3	19,235			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (39)
- Stochastic is oversold
- The index traded below the USD 12,000 fractal result with price now trading at USD 11,127. Price is below the 8-21 period EMA's supported by the RSI below 50.
- A close above that holds above USD 11,670 will warn that momentum is improving based on price suggesting resistance levels could be tested.
- Upside moves above USD 14,460 will create a higher high indicating the technical is bullish based on price, however the technical remains vulnerable below the USD 19,235 resistance.
- Seasonality is bullish with price looking like it could run until the 05/05, however the min values on the 3-year chart look to have turned as early as the 27/04 suggesting that if we do not see a bullish upside move soon the index has the potential to remain weak until early June.



Capesize May 22 (1 Month forward)

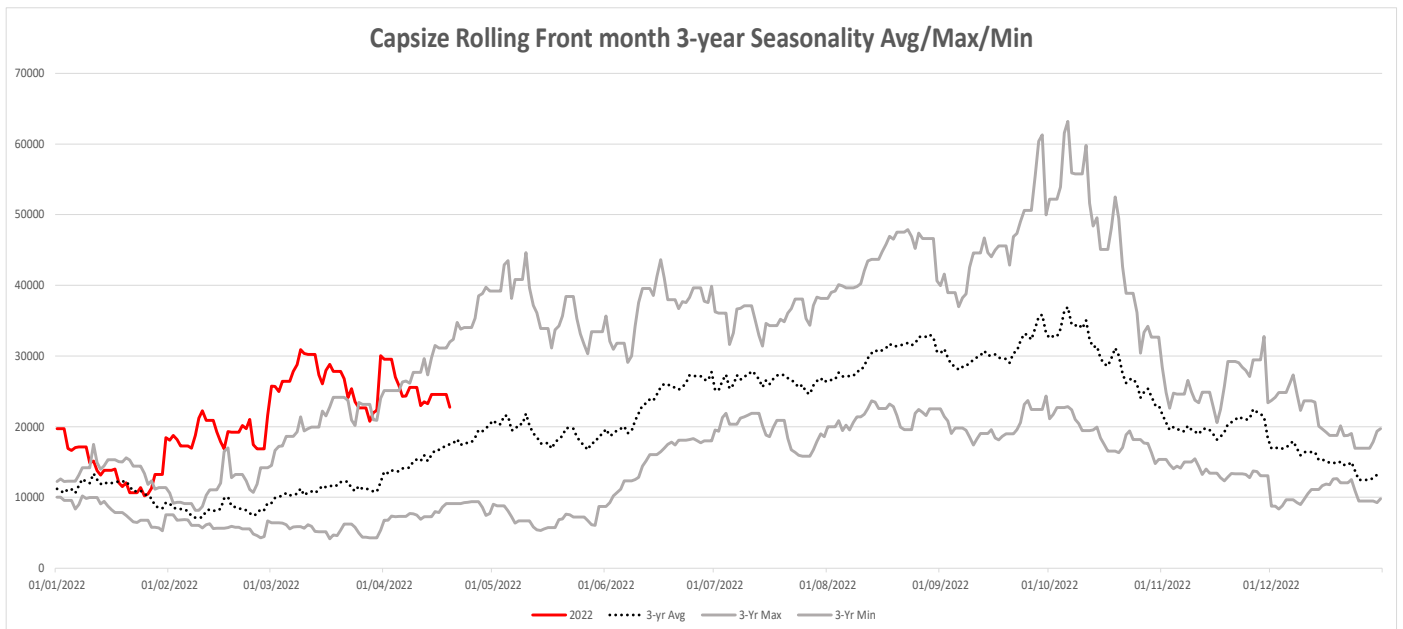


	Support	Resistance	Current Price	Bull	Bear
S1	22,514	R1	26,110	Stochastic oversold	RSI below 50
S2	20,000	R2	27,187		
S3	16,200	R3	28,647		

Synopsis - Intraday

- Price is below the 8-21 period EMA
- RSI is below 50 (48)
- Stochastic is oversold
- We highlighted on the last report our concerns regarding the disparity gap as price remained USD 12,156 above the index, leaving the futures vulnerable to further tests to the downside if we did not see some sustained positive numbers from the index. The index has failed to produce any real upside traction resulting in the futures trading below the USD 23,995 support, meaning the futures now have a neutral bias.
- Upside moves that fail at or below USD 28,647 will leave the futures vulnerable to further tests to the downside, above this level we will target the USD 31,750 fractal high.
- The RSI is below 50 with the futures trading below the recent support that formed at USD 22,750, warning we could potentially see further weakness in the technical. The carry with the index is still at USD 11,623 with 3-year average seasonality values at USD 17,541. Price is remaining resilient but with the carry at these level upside moves remain vulnerable to technical sellers until we see this disparity to around the USD 4-5k area. The seasonality values look to turn between the 05/05 – 10/05; however, in 2020 we did see price start to weaken as early as the 27/04, suggesting the USD 20,000 fractal support is starting to look vulnerable.

Source Bloomberg



Capesize Q3 22

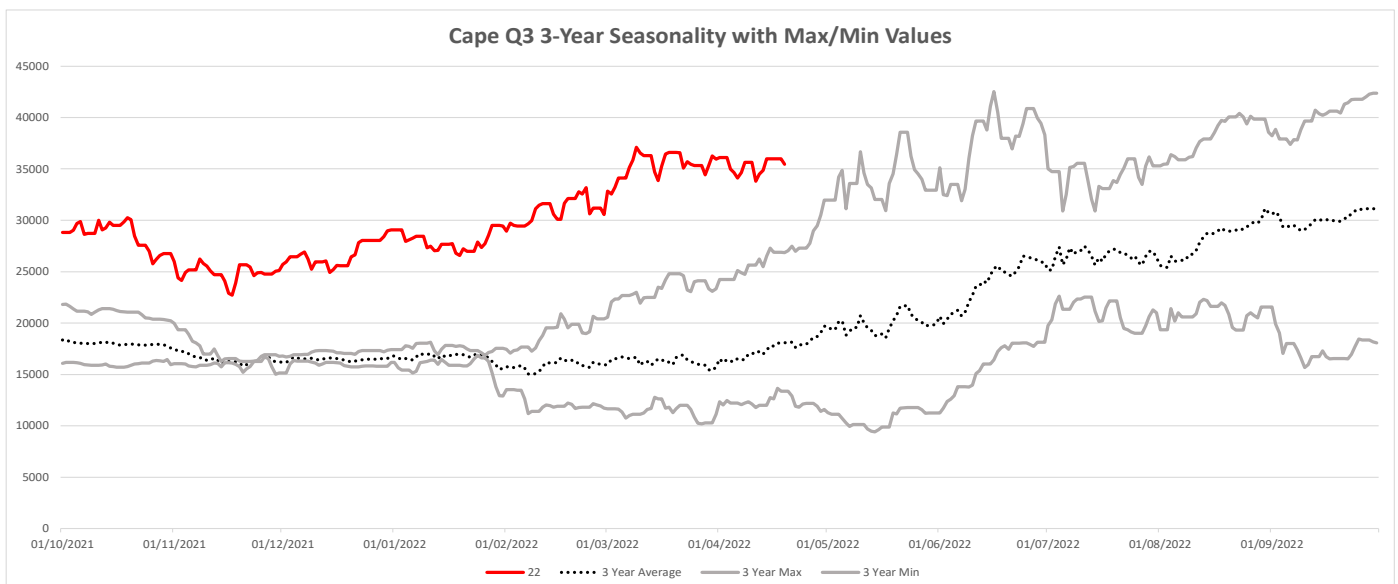


Support	Resistance	Current Price	Bull	Bear
S1	R1	35,250	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is above 50 (52)
- Stochastic is at 50
- The downside move in the futures held above the USD 33,625 level resulting in price trading above the USD 35,605 resistance, however the futures failed to trade up to or above the USD 36,625 resistance. Price is above the 8-21 period EMA's supported by the RSI above 50.
- The futures remain in a consolidation zone in what looks to be a corrective wave 4 of this phase within the Elliott wave cycle, downside moves that hold at or above USD 32,715 will support a near-term bull argument, below this level the technical will have a neutral bias. However, the longer-term wave cycle remains bullish above USD 30,075. Upside moves that trade above USD 37,500 would suggest that we are in wave 5 of this phase, our lower timeframe wave analysis would suggest this will be the wave 5 of the extended wave 3.
- The longer-term seasonality chart is bullish, but the futures are USD 17,172 above the 3-year average value, suggesting we are vulnerable to a technical pullback as price is also USD 8,407 above last years max value. Technically bullish but in a consolidation phase with downside moves considered to be countertrend, the high valuations against the 3-year average and max valuations, alongside an underperforming index are warning that upside moves above USD 37,500 could be limited with the futures looking like we need to see a deeper pullback first. If we don't, a higher timeframe corrective wave 4 could soon follow.



Capesize Cal 23



	Support	Resistance	Current Price	Bull	Bear
S1	21,237	R1	22,503	RSI above 50	Stochastic overbought
S2	21,010	R2	23,525		
S3	20,625	R3	24,814		

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA
- RSI is above 50 (55)
- Stochastic is overbought
- As noted on the last report the futures looked to be producing a bullish rejection candle suggesting that upside resistance levels could be tested. We also highlighted that upside moves above USD 22,300 would create further negative divergences, warning we could see another corrective pullback. The futures traded to a high of USD 22,425 before correcting USD 1,000 the following day. Price is above all key moving averages supported by the RSI above 50.
- The trend remains technically bullish, but the RSI has created a second divergence, warning that buyside momentum has the potential to weaken.
- Downside moves that hold at or above USD 21,237 will support a bull argument, below this level the futures will target the USD 20,625 fractal support.
- The technical is bullish but has now produced two hanging man candle patterns on the weekly chart, warning of potential exhaustion, suggesting we could soon enter a corrective phase.

