



Capesize Technical Report

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Index

The RSI had previously warned that the technical was vulnerable due to the failure to hold above the 64 level, resulting in a move to the downside. The technical is bearish with price below all key moving averages, supported by the RSI below 50. However, this time it is the stochastic that is of interest. Historically when the stochastic hits an extreme oversold level the index has the tendency to move lower in the near-term, suggesting support levels remain vulnerable.

Dec 22

Bearish previously due to the head and shoulders pattern (H&S) that was in play, the futures needed to break the USD 13,875 – USD 13,450 support zone for sell side momentum to increase. Price has moved lower with wave analysis and the H&S pattern suggesting the USD 8,575 – USD 8500 support levels could be tested and broken. We remain technically bearish with upside moves considered as countertrend at this point.

Q1

A conflicting technical last time as momentum suggested a downside move whilst below USD 6,850 a positive divergence came into play, alongside the futures trading below seasonality lows. Although technically bearish we did not see the futures as a technical sell on new lows, price has moved lower but we continue to see a positive divergence, with price remaining below seasonality lows. Buyside seasonality has pretty much failed this year, which we have previously highlighted with focus only on sell side seasonality. However, with the futures already at USD 5,700 the downside is looking limited (even with a near-term bearish index), we may continue to move lower, but the futures are not considered a technical sell at these levels.

Cal 23

Like the Q1, we did not have the futures as a technical sell on a downside breakout due to the positive divergence. The futures did break out of the consolidation phase to the downside with the technical remaining below all key averages in bearish territory. However, we remain in divergence with the RSI testing support, suggesting caution at this point, as the futures are looking a little overextended to the downside.

Capesize Index

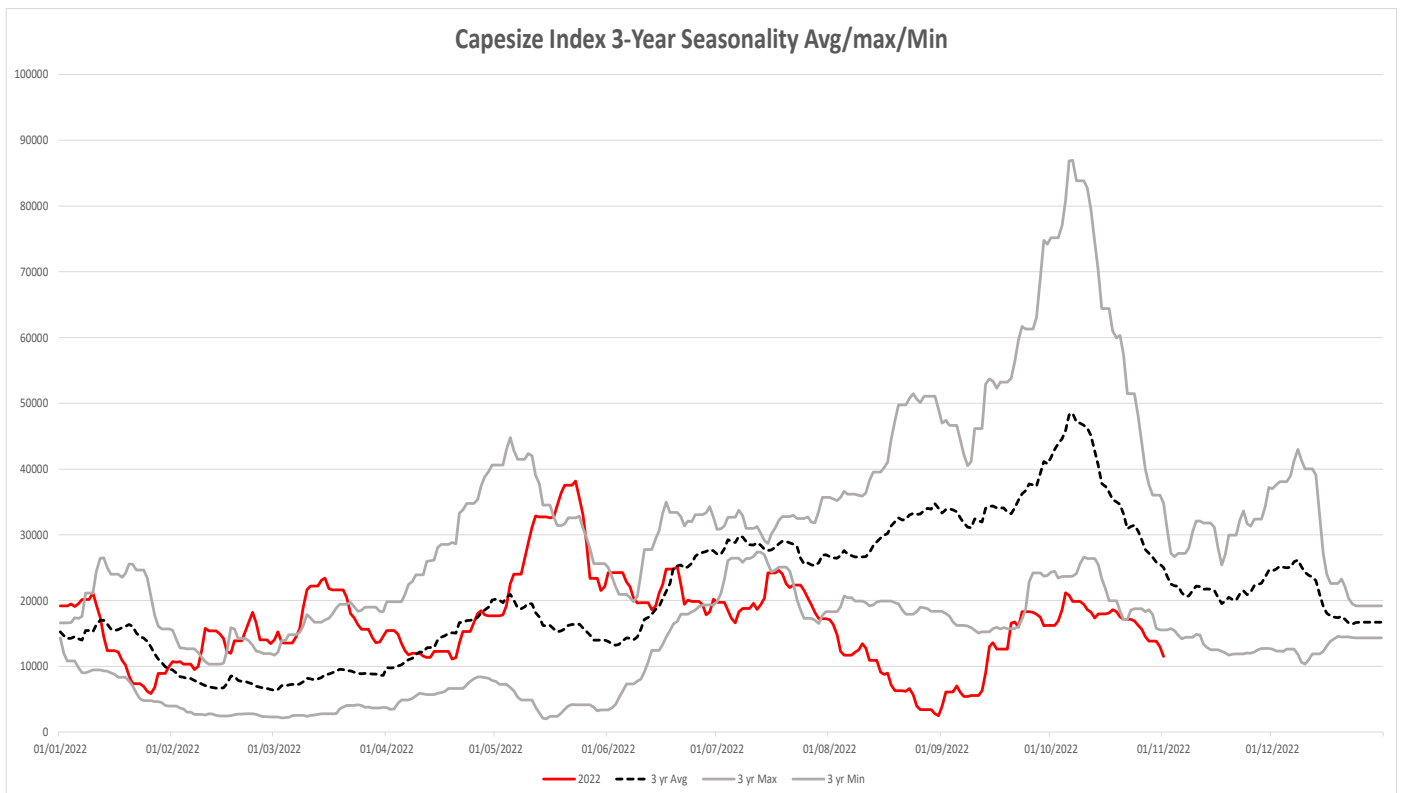


Support	Resistance	Current Price	Bull	Bear
S1	R1	11,509	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (38)
- Stochastic is oversold
- We noted on the last report that although technically bullish the RSI had failed to hold above the 64 level, suggesting downside momentum was weakening. The index has moved lower with price below all key moving averages, supported by the RSI below 50.
- Upside moves that fail at or below USD 17,888 will leave the index vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we can see from the seasonality chart that 3-year average values tend to base around the 18/11. We also note that when the stochastic (settings 12,3,3) hit an extreme low we tend to see downside continuation in the near-term, suggesting the USD 8,852 and USD 6,500 support levels could be vulnerable.



Capesize December 22 (1 Month forward)

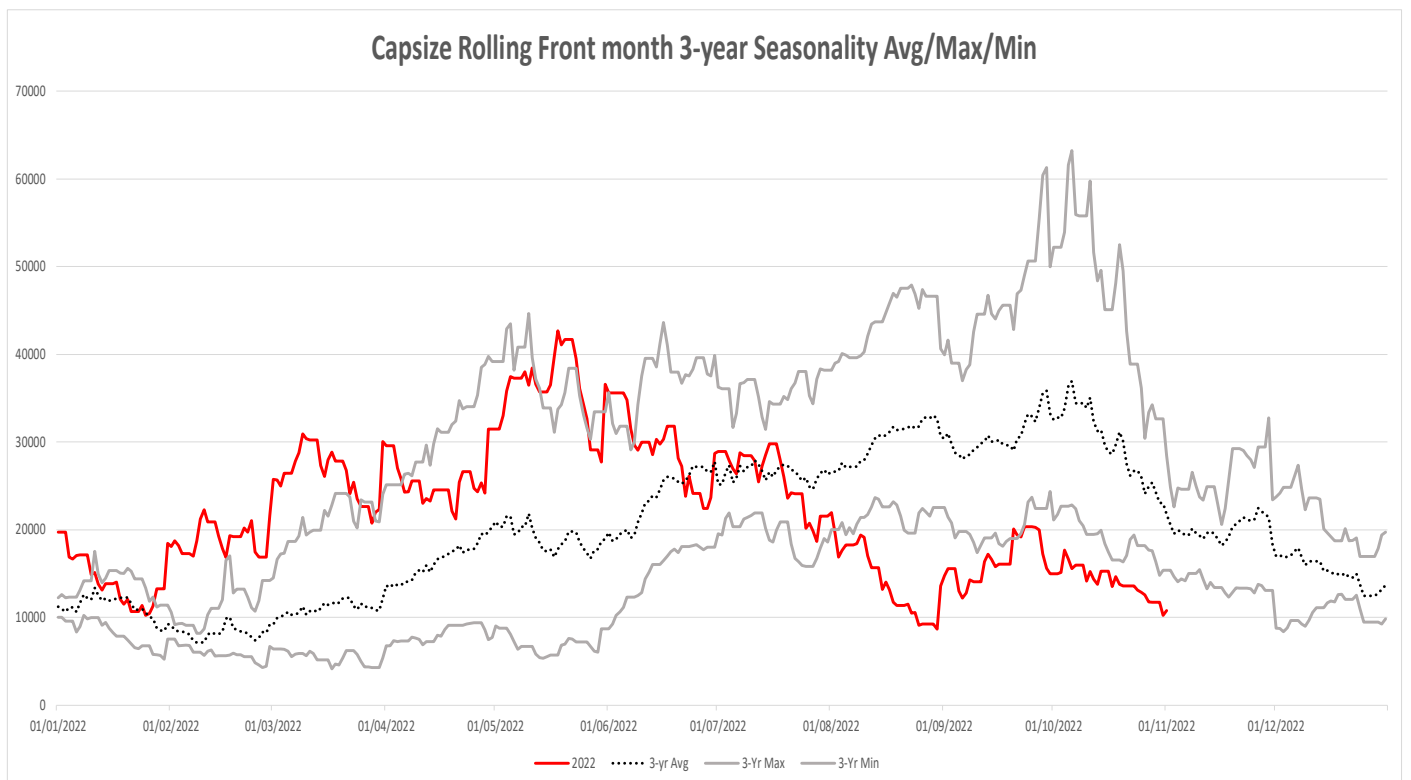


	Support	Resistance	Current Price	Bull	Bear
S1	9,837	R1	13,435	Stochastic oversold	RSI below 50
S2	8,500	R2	14,450		
S3	6,812	R3	15,826		

Synopsis - Intraday

- Price is below the 8-21 period EMA
- RSI is below 50 (39)
- Stochastic is oversold
- Technically bearish on the last report with the futures testing near-term support levels, the futures traded below and closed below the USD 13,875 – USD 13,450 support zone resulting in price trading to a USD 10,150 low. Price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 15,826 will leave the futures vulnerable to further tests to the downside, above the level the technical will have a neutral bias. Only above USD 18,750 is the technical bullish.
- The futures are holding above near-term support (USD 9,837); however, wave analysis and the head and shoulders pattern would suggest the USD 8,575 – USD 8,500 support zone could come under pressure, implying upside moves have the potential to be countertrend at this point.

Source Bloomberg



Capesize Q1 23 (Rolling front QTR)

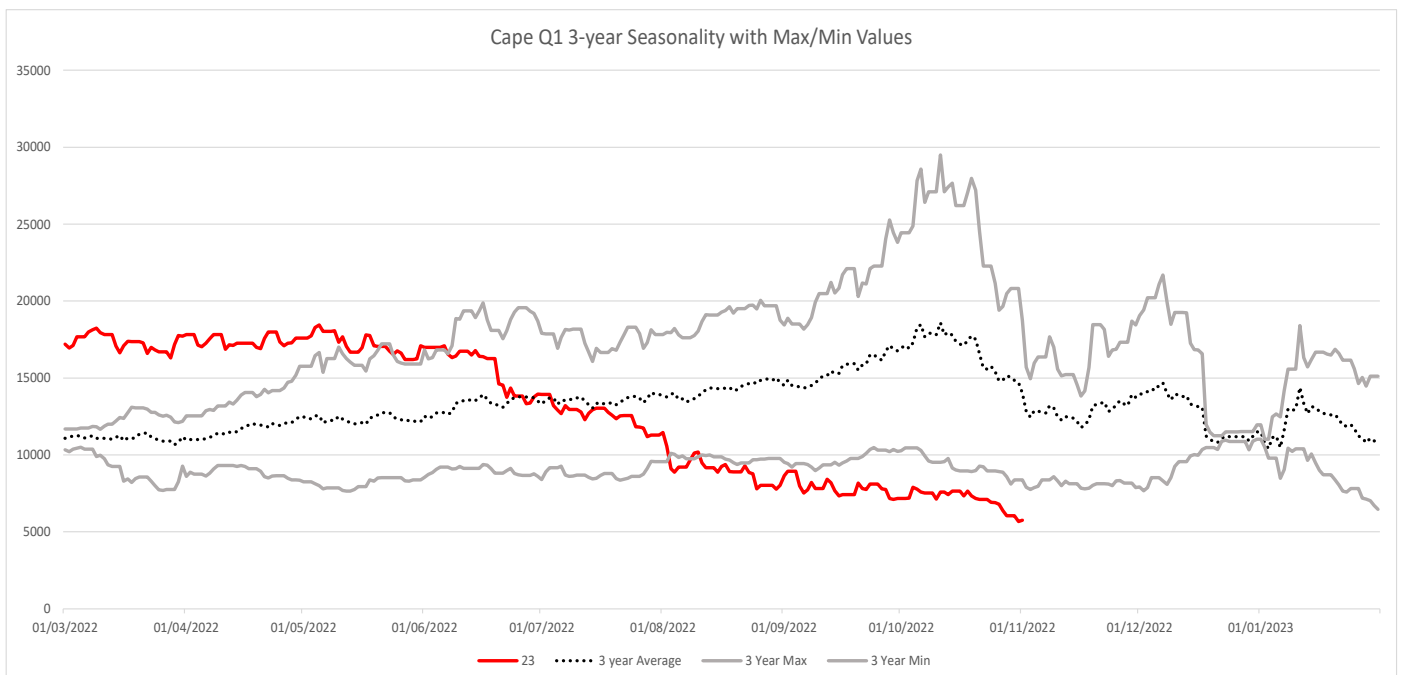


	Support	Resistance	Current Price	Bull	Bear
S1	5,657	R1	6,417	Stochastic oversold	RSI below 50
S2	5,075	R2	6,662		
S3	4,492	R3	6,994		

Synopsis - Intraday

Source Bloomberg

- Price is between the 8-21 period EMA
- RSI is below 50 (43)
- Stochastic is overbought
- A conflicting technical last time as momentum suggested that support levels were vulnerable; however, seasonality suggested that price was a little undervalued, whilst below USD 6,850 a positive divergence would come into play, suggesting the futures were not considered a technical sell on a downside breakout. The futures did break to the downside and traded to a low of USD 5,625. Price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 6,994 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias, only above USD 7,750 is the technical bullish.
- Technically bearish, the futures continue to trade below 3-year seasonality lows with the daily RSI in divergence. Not a buy signal it is warning that we have the potential to see a momentum slowdown, suggesting caution on downside moves, as valuations remain low.



Capesize Cal 23



	Support	Resistance	Current Price	Bull	Bear
S1	10,535	R1	11,337	Stochastic oversold	RSI below 50
S2	9,500	R2			
S3	8,969	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is below 50 (40)
- Stochastic is above 50
- Having consolidated for around six weeks we have seen a move to the downside. Price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 12,874 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- From a technical perspective we did not have the futures as a technical sell on a downside breakout due to a positive divergence in play. Having moved USD 1,800 lower, we remain in divergence with the RSI now testing support levels, suggesting caution. Seasonality tends to level out and move higher around the 16/11; however, this has not been the year for bull seasonality calls. We should be aware of the potential to turn higher but look for confirmation from price and momentum. Technically bearish we remain cautious on downside moves due to RSI support.

Cape Calendar 3-year Seasonality Avg/Max/Min

