



Capesize Technical Report

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Index

As noted last week, momentum had turned to the buy-side, warning resistance levels could be vulnerable. The index did move higher resulting in price trading above fractal resistance, the technical is now bullish; however, a negative number today is warning we could potentially enter a corrective phase. A close below USD 12,192 will mean momentum based on price is weakening, warning that the USD 10,684 support could come under pressure, the technical is bullish above this level and neutral below. If the index holds above the USD 12,192 level with the RSI at or above 50 then the USD 16,202 resistance could be tested.

Dec 22

The technical is bullish but in a corrective phase with key support at USD 9,842, below this level the technical has a neutral bias. The RSI is below 50 with the stochastic in overbought territory, momentum is warning that the futures are vulnerable to a test to the downside; however, the intraday RSI would suggest that downside moves should be considered as countertrend, implying resistance levels are vulnerable. We also note that last week the index was at USD 10,106 whilst the futures were at USD 9,650; this week the index is at USD 13,177 whilst the futures are at USD 10,450, suggesting the index is in for a fall, or the futures are overdone to the downside. Our analysis suggests that we are vulnerable to a test to the upside providing we hold above USD 9,842, the technical is a little less clear below this level due to the depth of the pullback.

Q1 23

We remain in a bearish trending environment with price below all key moving averages supported by the RSI below 50. However, downside moves below USD 5,625 will create a positive divergence with the RSI, not a buy signal it does warn that we have the potential to see a momentum slowdown. Seasonality charts over the last 8 years into the year end have the lowest valuation at USD 5,347, with average values during the same period at USD 11,203. This would suggest that the downside is limited with systemic risk to the upside. Bearish, but not a technical sell as we have a greater chance of moving higher into year end.

Cal 23

The futures are technically bearish with price approaching the USD 11,250 low. However, a new low will create a positive divergence with the RSI, warning we have the potential to see a momentum slowdown. With the potential to diverge whilst the stochastic is oversold the futures are not considered as technical sell. Upside moves above USD 12,550 will warn that resistance levels are vulnerable.

Capesize Index

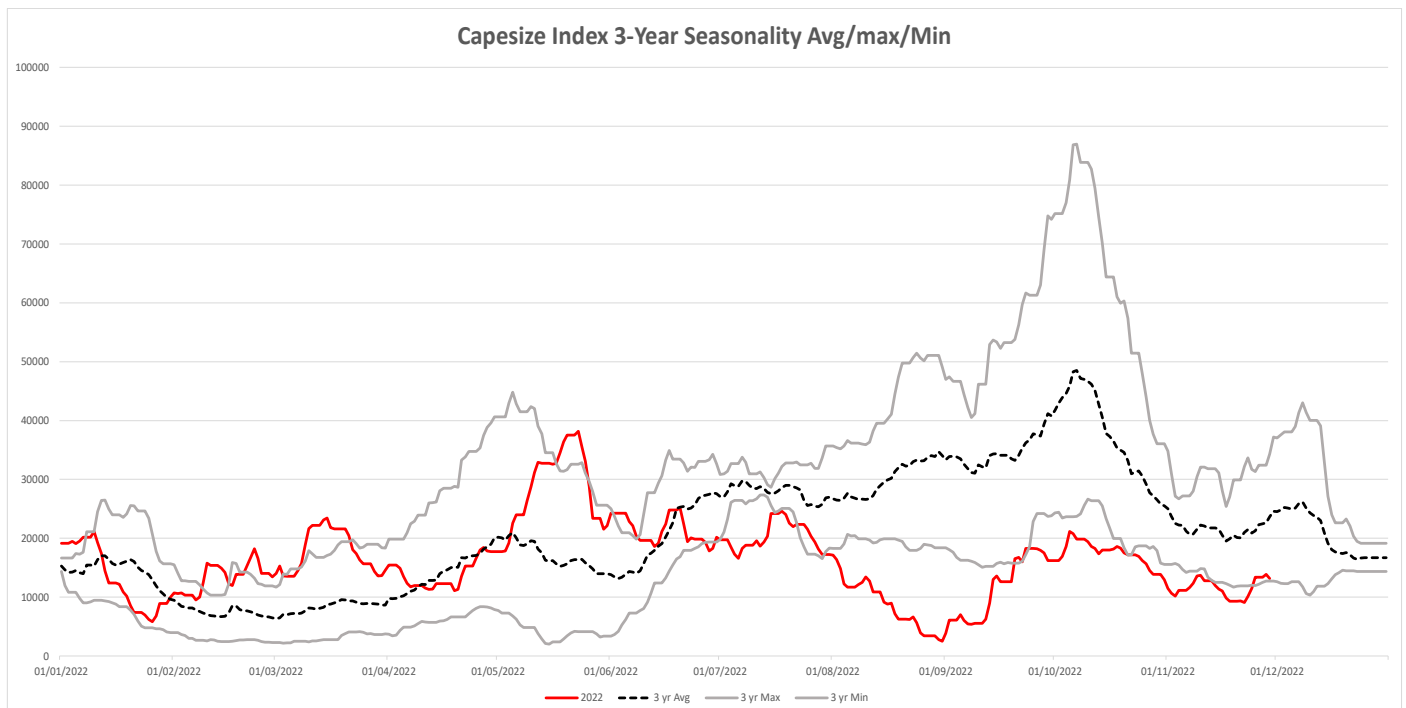


Support	Resistance	Current Price	Bull	Bear
S1	10,684	13,177	RSI above 50	
S2	9,057			
S3	8,852			
	R1	16,202		
	R2	17,365		
	R3	18,631		

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (40)
- Stochastic is oversold
- Technically bearish last week with momentum to the buyside, suggesting resistance levels could be vulnerable. Due to the divergence the previous week the index was not considered a technical sell. Price moved higher to trade above the USD 13,702 fractal resistance, meaning we are now in bullish territory. Price is above the 8-21 period EMA's with the RSI now neutral at 50.
- Momentum based on price is now to the buyside, a close below USD 12,192 will mean it is aligned to the sell side. downside moves that hold at or above 10,684 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 9,057 is it bearish.
- Technically bullish with momentum to the buyside, a negative close today is putting the USD 12,192 and USD 10,684 support levels in focus. However, the RSI is now at 50, having entered bull territory yesterday, if we can hold around the 50 level and start producing positive index numbers, then the USD 16,202 resistance will be vulnerable. if we close below USD 12,192 then the USD 10,684 support could come under pressure.



Capesize December 22 (1 Month forward)

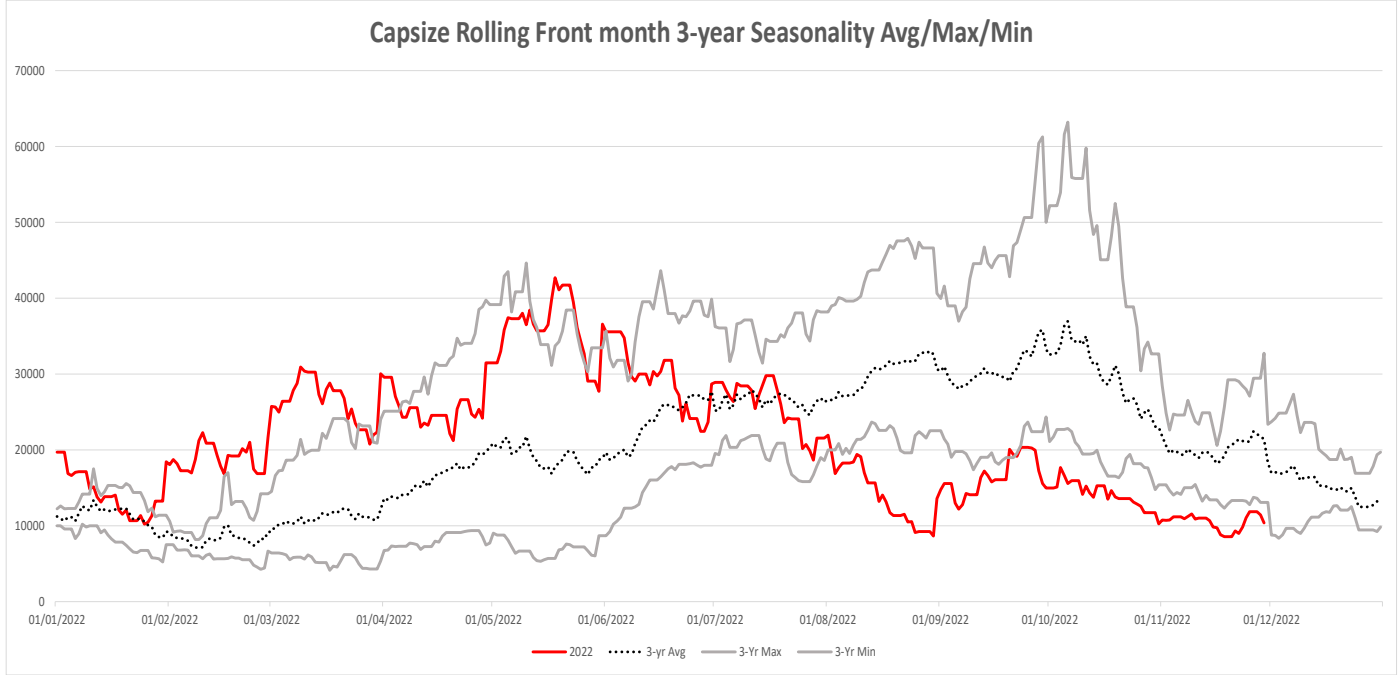


	Support	Resistance	Current Price	Bull	Bear
S1	9,842	R1	10,975	Stochastic overbought	RSI below 50
S2	8,500	R2	11,325		
S3	6,812	R3	12,400		

Synopsis - Intraday

- Price is between the 8-21 period EMA
- RSI is below 50 (40)
- Stochastic is oversold
- Technically bearish last week having achieved our downside target of USD 8,500, the new low had created a positive divergence with the RSI, warning we had the potential to see a momentum slowdown. Lower timeframe wave analysis suggested we could see another test to the downside; however, we added a note of caution as the lower timeframe wave cycle had the potential to be less reliable. The upside move above USD 10,604 warned the probability of a downside move had decreased, whilst the move above USD 11,675 took the technical into bullish territory. Technically bullish, price is now in a corrective phase with the futures below the 8-21 period EMA and the RSI below 50.
- Downside moves that hold at or above USD 9,842 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 8,525 is the technical bearish.
- Bullish but in a corrective phase, the intraday RSI would suggest this downside move is potentially counter trend. Just an observation but last week the index was at 10,106 with the futures at USD 9,650. The index is currently at USD 13,177 with the futures at USD 10,450. Either the index is about to have a big fall, or the futures are overdone to the downside. Momentum is vulnerable at this point, but as highlighted the intraday technical suggests this downside move is countertrend, warning resistance levels could be vulnerable.

Source Bloomberg



Capesize Q1 23 (Rolling front QTR)

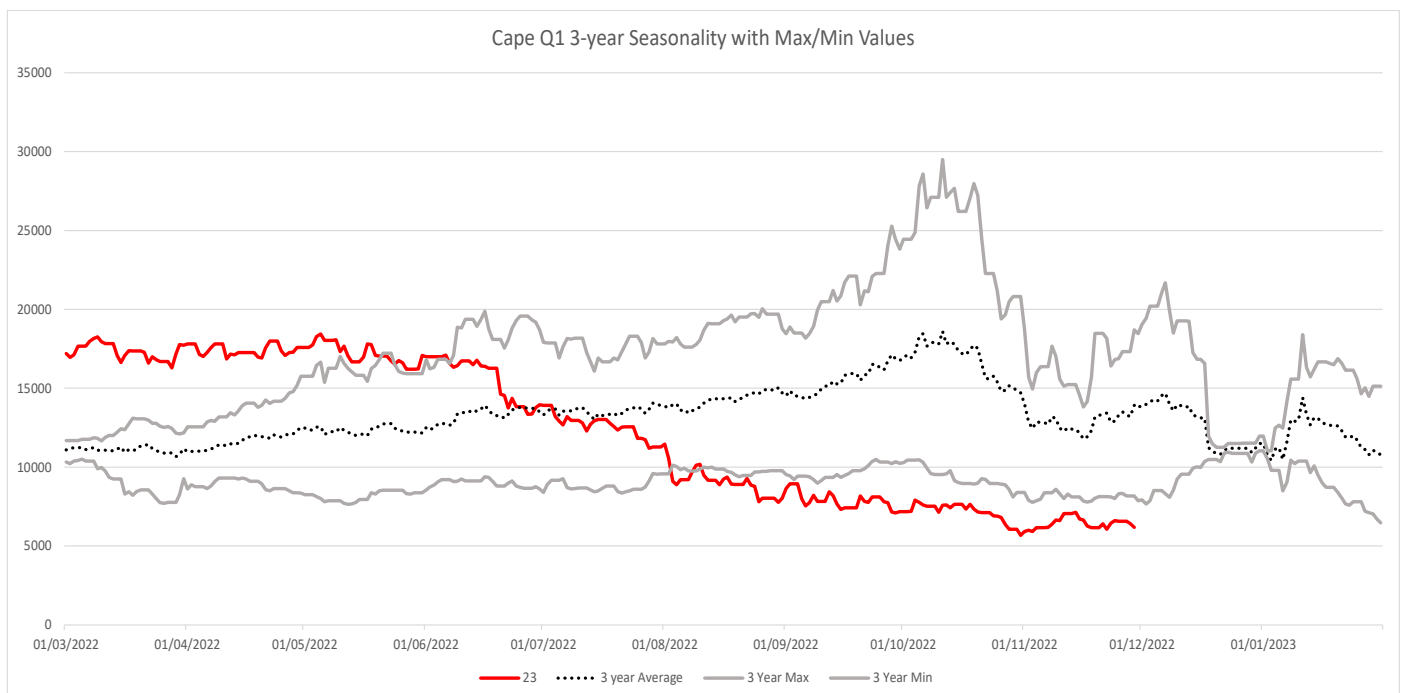


Support	Resistance	Current Price	Bull	Bear
S1	R1	6,225		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA
- RSI is below 50 (46)
- Stochastic is overbought
- Technically bearish last week having traded below the USD 6,262 support, a close above USD 6,375 warned the USD 6,900 and USD 7,500 resistance levels could come under pressure. The futures traded to a high of USD 7,050 before correcting. Price is below the 8-21 period EMA's supported by the RSI below 50.
- Upside moves above USD 7,050 will target the USD 7,500 fractal resistance, above this level the technical is bullish. Likewise, downside moves below USD 6,000 would suggest the USD 5,625 fractal low could be tested and broken.
- Technically bearish, a new low will create further positive divergences with the RSI, not a buy signal it does warn we have the potential to see a momentum slowdown. If we look at Q1 seasonality into year end, we can see the lowest close is at USD 5,347 with average values at USD 11,203. Due to seasonality and the potential for further divergences the futures are not considered a technical sell, as we appear to have limited downside risk compared to the upside.



Capesize Cal 23



Support		Resistance		Current Price	Bull	Bear
S1	11,250	R1	12,550	11,450	Stochastic oversold	RSI below 50
S2	10,535	R2	13,125			
S3	9,500	R3	13,575			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is below 50 (37)
- Stochastic is oversold
- A cautious bear last week, as downside breakouts have the potential to create further divergences, warning we could see a momentum slowdown. The futures continue to move lower with price below all key moving averages supported by the RSI below 50. We remain above the USD 11,250 low.
- Upside moves that trade above USD 12,550 will target the USD 13,125 and USD 13,575 fractal resistance levels. Only above USD 13,575 is the technical bullish.
- Technically bearish, we remain cautious below USD 11,250 due to the potential divergence.

