



Capesize Technical Report

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Index

Technically bullish but in a corrective phase with momentum warning we are vulnerable to a test to the downside; this is supported by the seasonality chart. However, the index is already near 3-year seasonality lows, though we do acknowledge that it moved lower than this between the years 2014 – 2016. An upside move today means we are testing the USD 12,839 level, if we close above this level and the RSI goes above 50, then momentum based on price will be bullish, meaning the overbought stochastic becomes less relevant. The index tomorrow will be important as it will probably set the directional bias for the next 4 to 5 days.

Jan 23

The roll into Jan created a positive divergence with the RSI, resulting in a move to the upside. Key resistance on the rolling front month chart is at USD 10,453, upside moves that fail at or below this level will leave the technical vulnerable to further tests to the downside, above this level the technical will have a neutral bias. However, the move above USD 8,000 in the Jan outright means we have entered bullish territory, whilst the rolling front month is below 3-year low values (2020). Interesting the futures traded up to USD 13,416 by Christmas in 2020. Technically bearish, the technical suggests caution on downside moves due to the seasonality and the potential for further divergences.

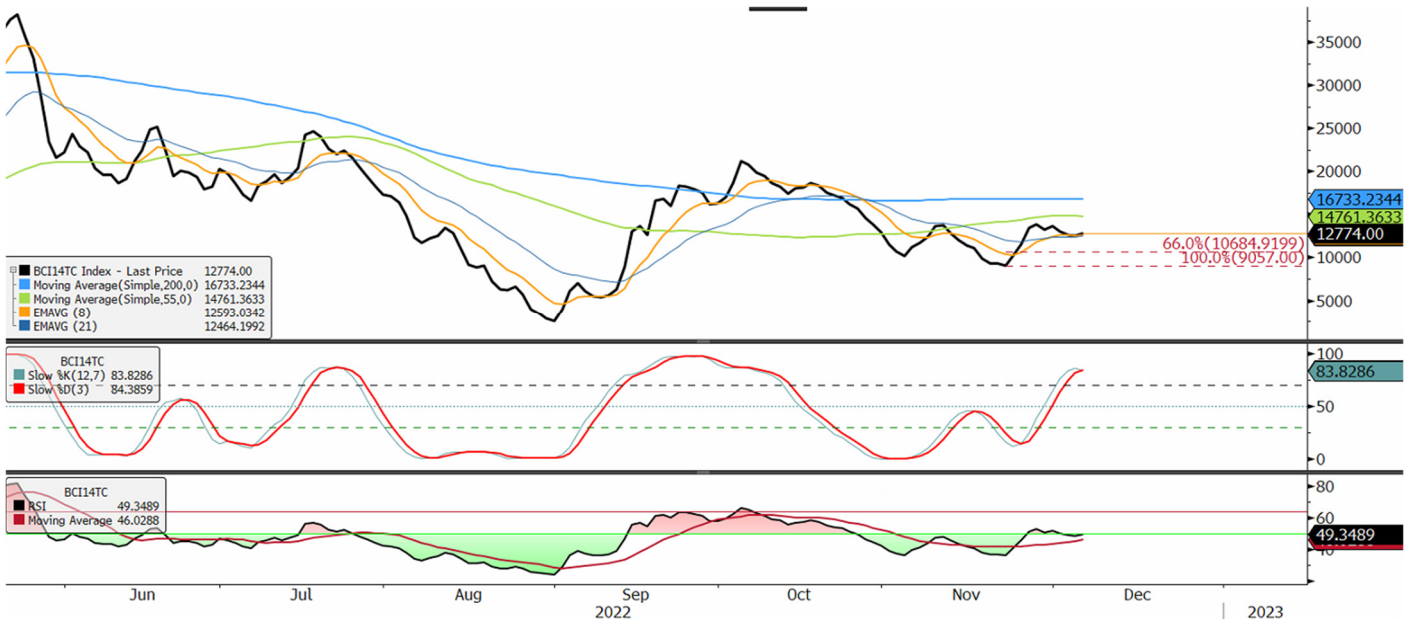
Q1 23

The technical is bearish but with a neutral bias due to the depth of the upside move. Price is now testing the 55-period EMA, upside moves above USD 7,500 should in theory test and break the USD 7,700 level that is needed to take the technical into bullish territory. Price has moved higher but remains below 3-year lows, whilst the index is also nearing 3-year historical lows; it is worth noting that the Q1-21 traded from a low of USD 8,523 on this day to above USD 16,500. This does not mean we are going to follow the same footprint, but it does suggest caution on downside moves as the futures continue to remain undervalued.

Cal 23

The technical remains bearish with price moving higher, a neutral RSI with an oversold stochastic is warning that momentum is vulnerable to further moves to the upside if the RSI goes above 50. We maintain our view that the futures are not considered a technical sell as new lows will create another divergence. We also highlight that the futures remain below seasonality lows.

Capesize Index

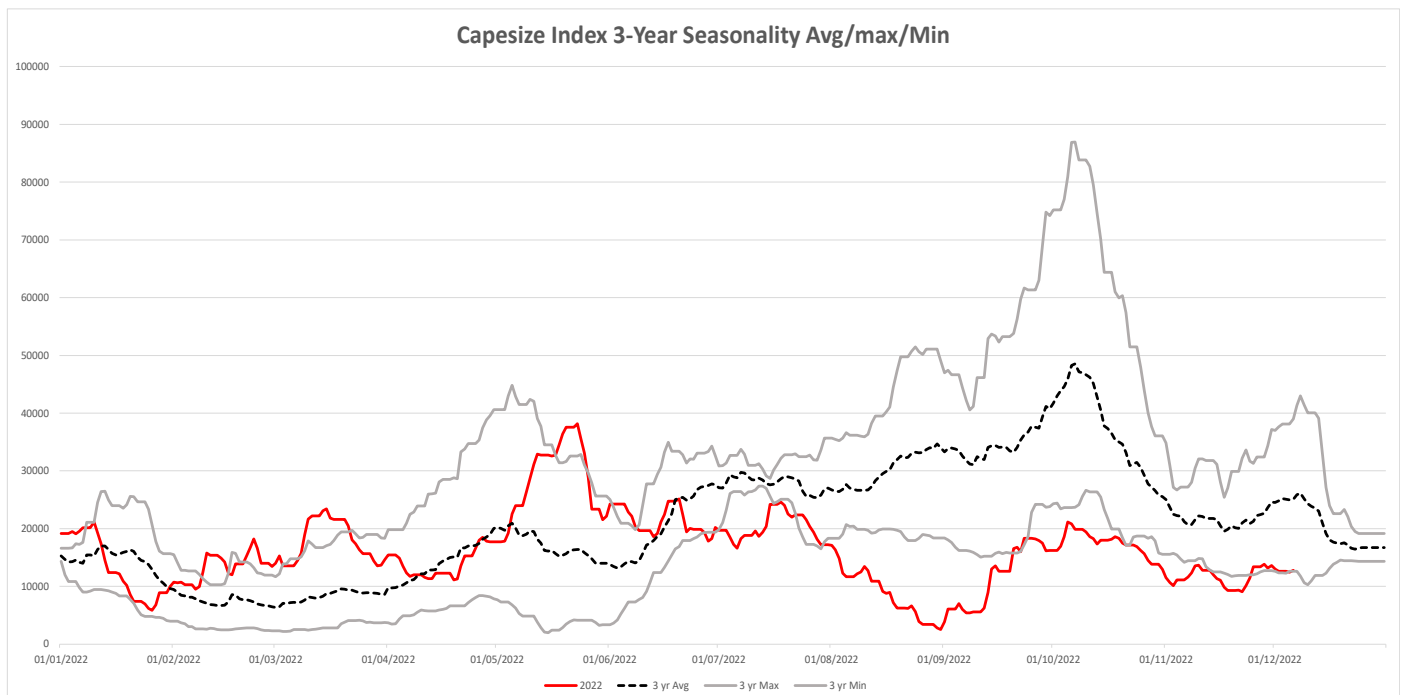


	Support	Resistance	Current Price	Bull	Bear
S1	10,684	R1	16,202		RSI below 50
S2	9,057	R2	17,365		
S3	8,852	R3	18,631		

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is overbought
- Technically bullish last week the index held above the USD 12,192 level, with momentum based on price only moving to the downside yesterday. Price remains above all key moving averages with the RSI near neutral at 49.3. Technically we remain bullish but in a corrective phase.
- A close above USD 12,839 will mean momentum based on price is aligned to the buyside. 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 but in a corrective phase at this point, the RSI is neutral at 49.3 whilst the stochastic is overbought, momentum is warning the technical is vulnerable to a test to the downside, as is the seasonality chart. However, an upside move in the index today means we have the potential to close above the USD 12,839 levels tomorrow, if we do and the RSI moves above 50 then the stochastic becomes less relevant. Bullish but in a corrective phase, tomorrow will probably set the directional bias for the next 4 to 5 days.



Capesize January 23 (1 Month forward)

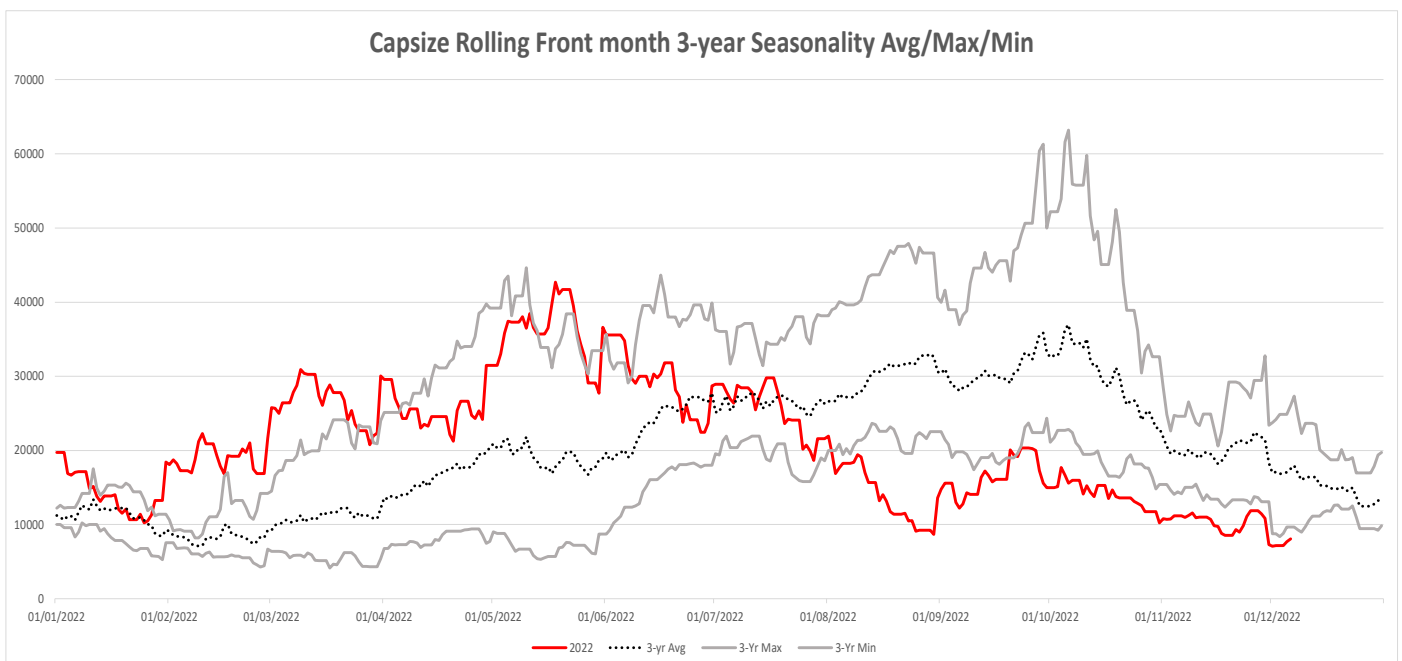


Support		Resistance		Current Price	Bull	Bear
S1	6,812	R1	8,861	8,050	Stochastic oversold	RSI below 50
S2	6,112	R2	9,537			
S3	5,375	R3	10,453			

Synopsis - Intraday

- Price is below the 8-21 period EMA
- RSI is below 50 (39)
- Stochastic is oversold
- The futures have rolled into January creating a large drop to the downside; however, the Dec contract remains bullish as highlighted last week. The roll means that price is now below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 10,453 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 11,875 is the technical bullish.
- The downside move created by the roll has created a positive divergence with the RSI, resulting in the futures moving higher. When we look at the Jan outright, instead of the rolling front month contract, we can see that the upside moves above USD 8,000 has put the futures in bull territory. 3-year seasonality does move lower at this time of year but if you look at the seasonality chart you can see that we are below 3-year lows, which moved higher for the bulk of December. We are bearish with the futures rejecting the upside move today; however, a move above USD 8,000, a positive divergence, whilst price is below 3-year low values, which moved higher during this period, would suggest caution on downside moves at this point.

Source Bloomberg



Capesize Q1 23 (Rolling front QTR)

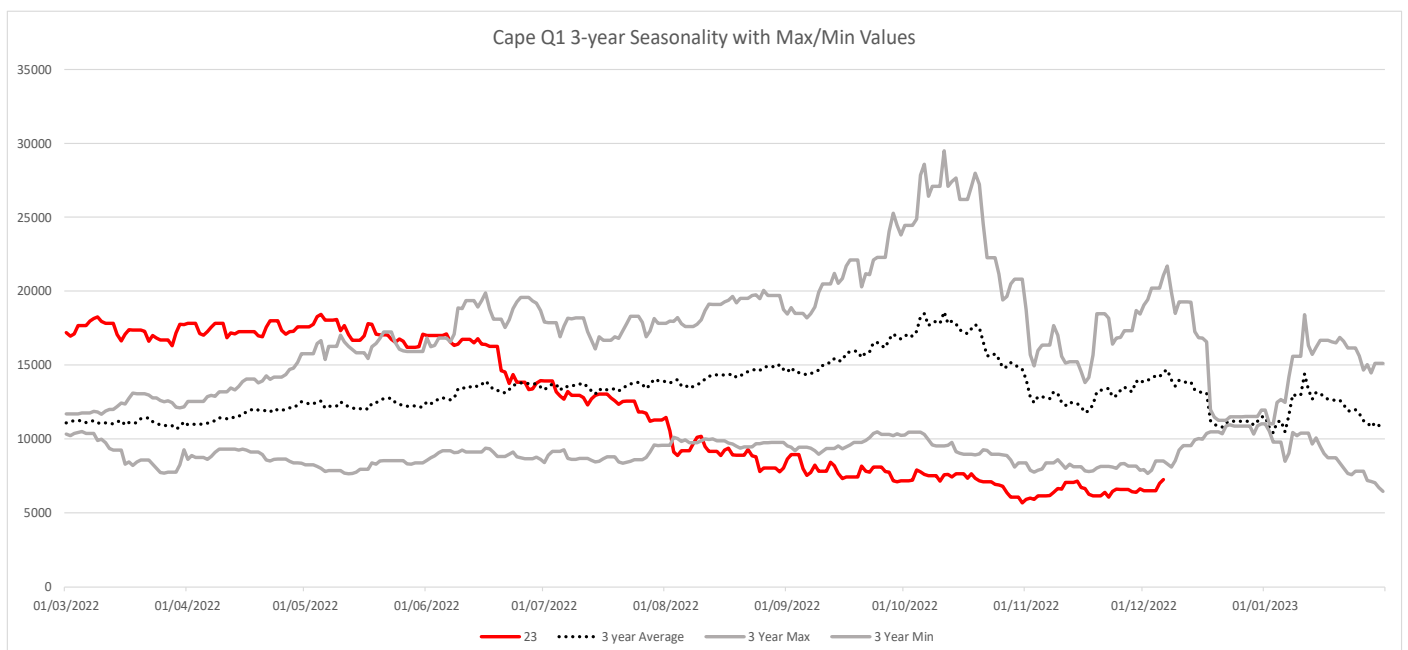


	Support	Resistance	Current Price	Bull	Bear
S1	6,577	R1	7,500	RSI above 50	
S2	6,166	R2	8,750		
S3	5,800	R3	11,000		

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA
- RSI is above 50 (54)
- Stochastic is below 50
- Technically bearish last week we noted that due to seasonality and the potential for further divergences on new low, the futures were not considered a technical sell based on risk reward. The futures have moved higher with price above the 8-21 period EMA's supported by the RSI above 50.
- The upside move means we have a neutral bias, downside moves that hold at or above USD 6,577 will support a near-term bull argument, below this level we target the USD 6,000 and USD 5,625 fractal support levels. Only above USD 7,700 is the technical bullish.
- Technically bearish but with a neutral bias, the futures are now testing the 55-period, A close above this level and a move above USD 7,500 will warn of further upside moves, however the futures need to trade above USD 7,700 to be bullish. Like the Dec contract we can see the futures are below 3-year average lows; the low price on this day in the last 3 years was USD 8,523, this was the Q1-21 futures which went on to trade above USD 16,500. We are not saying that history is going to repeat itself, but we are saying that the futures remain undervalued, as the index is also nearing historical 3-year lows, suggesting caution on downside moves.



Capesize Cal 23



	Support	Resistance	Current Price	Bull	Bear
S1	11,400	R1	12,300	Stochastic oversold	RSI below 50
S2	11,250	R2			
S3	10,535	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA
- RSI is below 50 (49)
- Stochastic is oversold
- A cautious bear last week as downside moves below USD 11,250 had the potential to produce further positive divergences, warning we could momentum slowdown. The futures did not move lower, they moved USD 8,50 higher. Price is above the 8-21 period EMA's with the RSI near neutral at 49.
- 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 we remain bearish; however, the RSI is near-neutral with the stochastic in oversold territory, if the RSI moves above 50 than momentum will be vulnerable to further moves to the upside. We maintain our view that the futures are not considered a technical sell, as a new low will create another divergence. We also highlight that the futures remain below seasonality lows.

Cape Calendar 3-year Seasonality Avg/Max/Min

