



# Capesize Technical Report

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## Index

A strong downside move today means momentum based on price is bearish whilst the deep pullback would suggest the technical has a neutral bias. Upside moves that fail at or below USD 19,920 will leave the index vulnerable to further tests to the downside, above this level we target the USD 23,197 high; likewise, downside moves below USD 12,457 will put the technical in bearish territory. The depth of the pullback and the seasonality charts would suggest support levels have the potential to be tested and broken.

## Feb 23

The roll into Feb means the technical is bearish with price below all key moving averages supported by the RSI below 50. We have a few conflicting signals here, as seasonality would suggest there is further downside; however, below USD 6,675 it will create a positive divergence with the RSI, not a buy signal it does warn we could see a momentum slowdown. We are bearish but have a note of caution due to the potential divergence whilst the paper is at a 50% discount to the index.

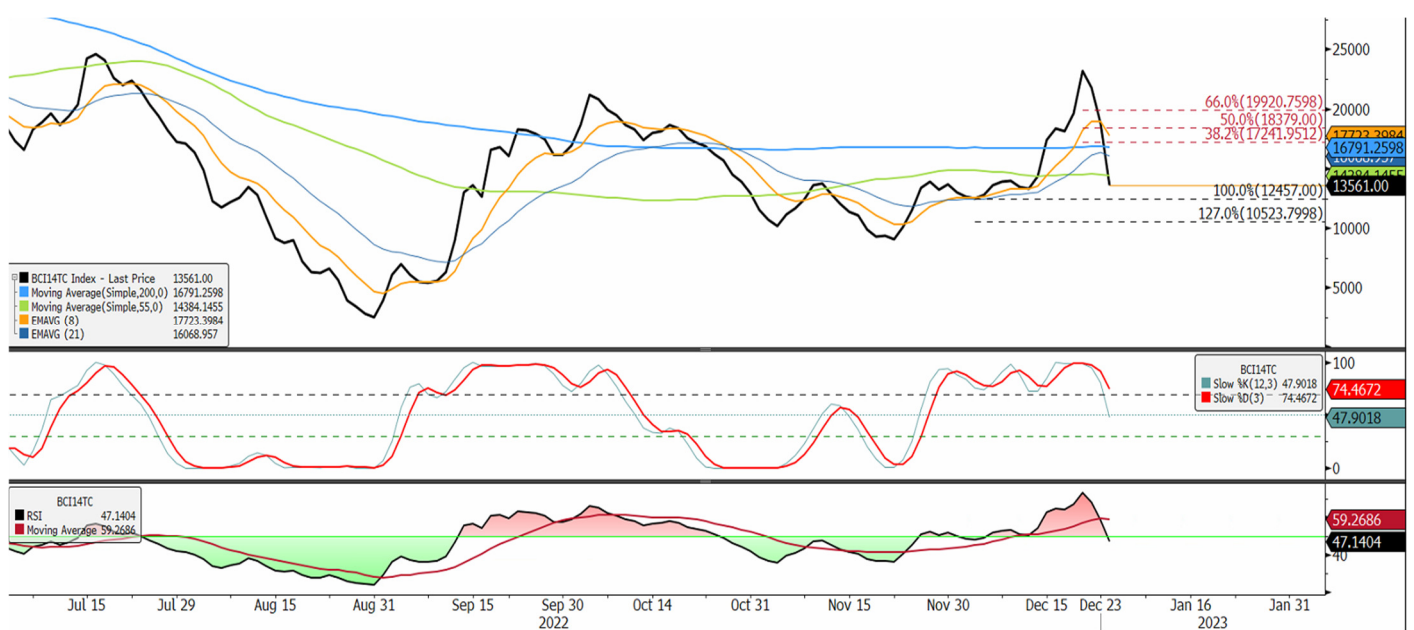
## Q1 23

We noted on the last report that downside moves should be considered as countertrend whilst the futures had a potential upside target at USD 10,877. We moved higher before correcting with the futures trading up to USD 10,650. The new high means we have entered a bullish Elliott wave 5, the minimum requirement for phase/cycle completion has now been achieved, making key support of follow at USD 8,550. Downside moves below this level will mean the futures have a neutral bias, only below USD 8,375 is the technical bearish. Technically bullish, seasonality does weaken whilst we have now potentially completed the wave cycle, warning support levels could be vulnerable.

## Cal 24

Technically bullish, the EMA's are now flat indicating we are no longer in a trending environment; this is supported by seasonality charts which tend to flatten around this time of year. However, Elliott wave analysis is warning we have the potential for one more test to the downside, suggesting caution on upside moves at this point.

# Capesize Index

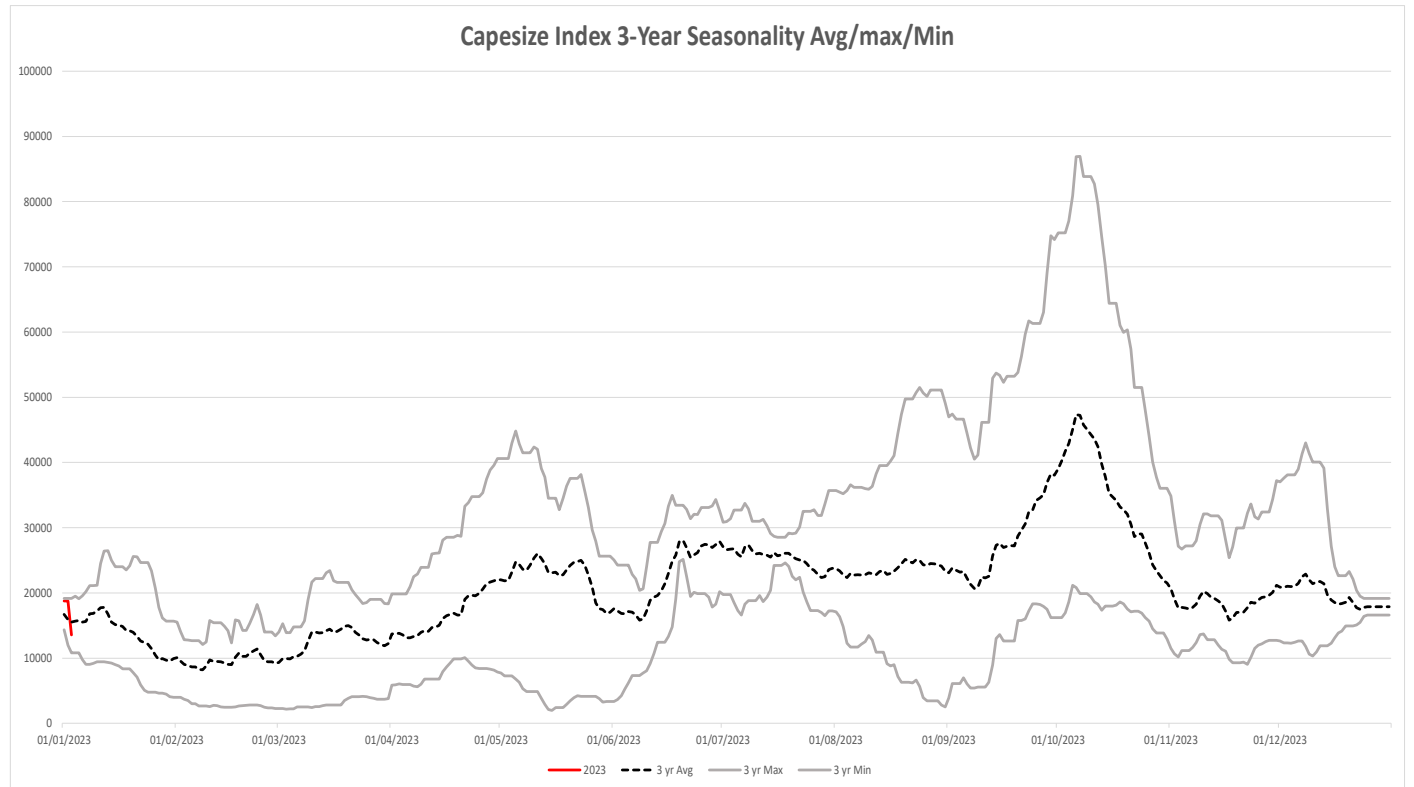


	Support	Resistance	Current Price	Bull	Bear
S1	12,457	R1	17,241	RSI above 50	Stochastic overbought
S2	10,523	R2	18,379		
S3	9,057	R3	19,920		

### Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (47)
- Stochastic is overbought
- We noted on the last report that the RSI breakout warned that we had the potential to trade up to USD 25,189 level in the near-term. However, the seasonal break kicked in with the index moving only USD 3,580 higher to USD 23,197. We have seen a sharp reversal in price on the opening day of the year with the index USD 5,188 lower at 13,561, price is below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 19,920 will leave the index vulnerable to further tests to the downside, above this level we target the USD 23,197 high. Likewise, downside moves below USD 12,457 will mean the technical is bearish.
- We remain bullish but with a neutral bias, the depth of the downside move would imply that the USD 12,457 fractal support is vulnerable, whilst seasonality charts based on a 3-year average would support this. The RSI is below 50 but the stochastic remains overbought, momentum us also suggesting there is further downside to come.



# Capesize February 23 (1 Month forward)

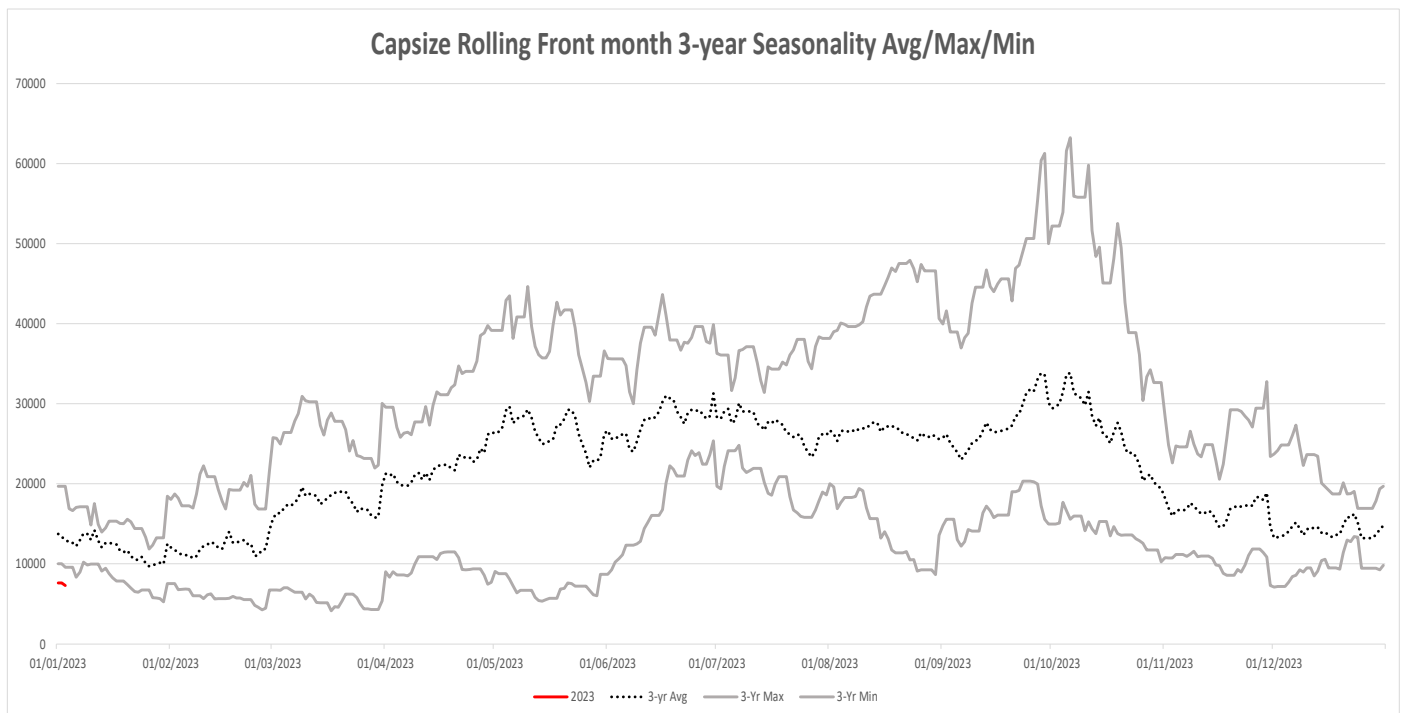


	Support	Resistance	Current Price	Bull	Bear
S1	6,831	R1	8,662		RSI below 50
S2	6,675	R2	9,137		
S3	6,093	R3	9,781		

## Synopsis - Intraday

- Price is below the 8-21 period EMA
- RSI is below 50 (39)
- Stochastic is below 50
- Technically bearish with a neutral bias on the last report, alongside the bullish RSI on the index we noted that a close above the 55-period MA would leave resistance levels vulnerable. The Jan contract traded another USD 1,950 higher to break resistance. The Roll into the Feb contract means that the rolling front month technical is back in bearish territory with price below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 9,696 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, downside moves below USD 6,675 have the potential to create a positive divergence with the RSI, not a buy signal it does warn that we could see a momentum slowdown and will need to be monitored going forward. Seasonality is bearish at this time of year making the divergence of particular interest, as it has a higher probability of failing; however, the futures are already trading at a 50% discount to the index. Bearish but a note of caution due to conflicting signals.

Source Bloomberg



# Capesize Q1 23 (Rolling front QTR)

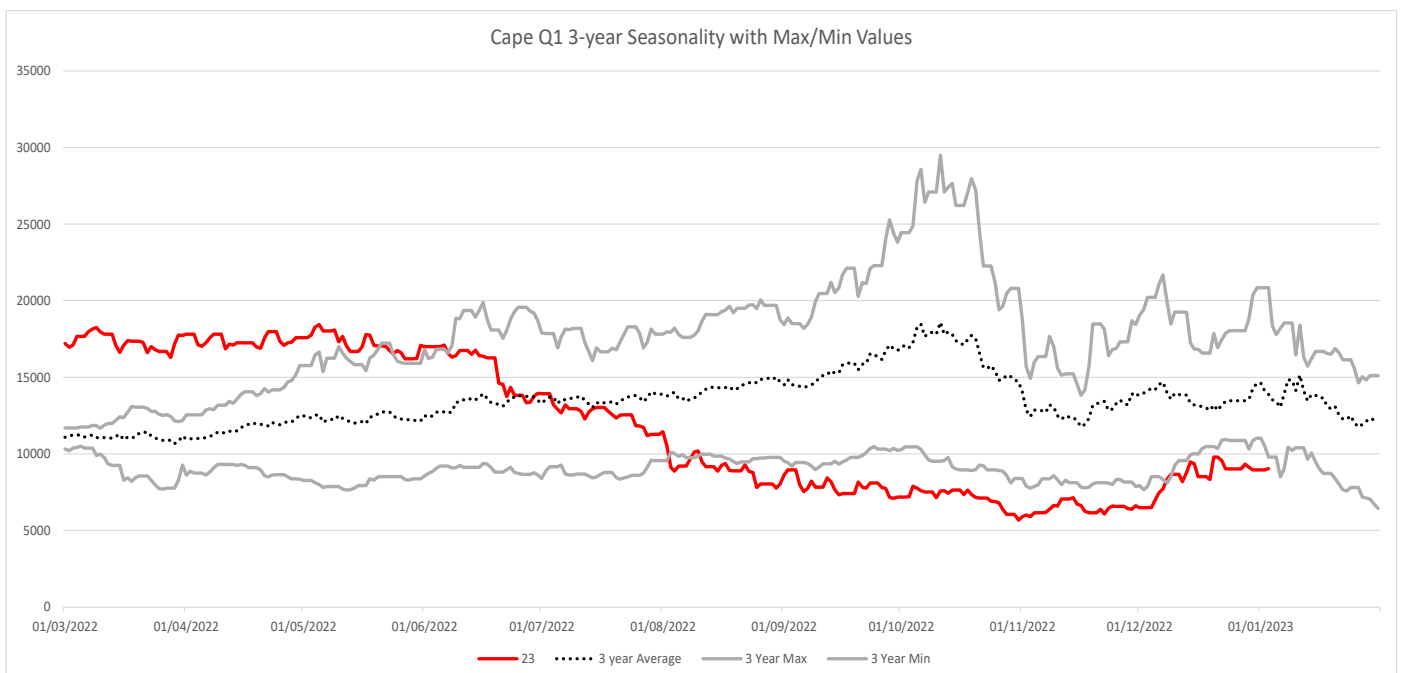


Support	Resistance	Current Price	Bull	Bear
S1	R1	9,050	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the 8-21 period EMA
- RSI is above 50 (57)
- Stochastic is below 50
- Technically bullish on the last report with a near-term upside target at USD 10,877, upside moves above USD 10,050 would create a negative divergence. Not a sell signal it did warn that we had the potential to see a momentum slowdown. However, we maintained our view that downside moves should be countertrend at that point, as it looked like we are on extended Elliott wave 3. The futures traded to a high of USD 10,650 before entering a corrective phase. Price is between the 8-21 period EMA's with the RSI above 50.
- Upside moves that fail at or below USD 10,106 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 10,650 high. Likewise, downside moves that hold at or above USD 8,550 will support a bull argument, below this level the technical will have a neutral bias. only below USD 8,375 is the technical bearish.
- The futures made a new high before moving lower, meaning we entered a bullish wave 5, the minimum requirement for phase/cycle completion has now been achieved, making USD 8,550 a key support to follow. If broken, the probability of the futures entering a more sustained corrective phase will increase.



# Capesize Cal 24



Support	Resistance	Current Price	Bull	Bear
S1	R1	13,850	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the 8-21 period EMA
- RSI is below 50 (52)
- Stochastic is below 50
- Technically bullish the Cal 24 is currently in a corrective phase with the futures trading between the 8-21 period EMA's with the RSI above 50.
- Downside moves that hold at or above USD 13,050 will support a bull argument, below this level the technical will have a neutral bias.
- The EMA's are now flat indicating a lack of trend in the market, whilst seasonality tends to be flat this time of year. Price is below the 3-year average value; however, Elliott wave analysis is warning there is still the potential for one more test to the downside, suggesting caution on upside moves at this point.

