



# Capesize Technical Report

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## Index

Technically bullish last week with the RSI breakout to the upside warning that the USD 21,282 and USD 23,081 resistance levels were vulnerable; however, we highlighted the negative divergence that need to be monitored, as it warned we had the potential to see a momentum slowdown. The index traded to a high of USD 21,814 before entering a corrective phase. We are now moving lower on the back of the divergence with momentum based on price aligned to the sell side, warning support levels are starting to look vulnerable, making USD 16,408 the key level to follow.

## June 23

We have been uncertain on this technical on the morning reports for a few days now, as the upside move had created a new high had a bullish impulse shape, but the move had failed to hold. The deep pullback that followed brought into question the longer-term technical, as it suggested the new high was potentially a pattern known as truncation, a rare formation where the wave B trades above the wave 5 high. With the pullback on the technical now being deep, although bullish we have a neutral bias, as intraday momentum indicators are warning that the USD 17,550 fractal support could be tested and broken. If it is, then it confirms that the futures have entered bearish territory and would suggest that upside moves have the potential to be countertrend.

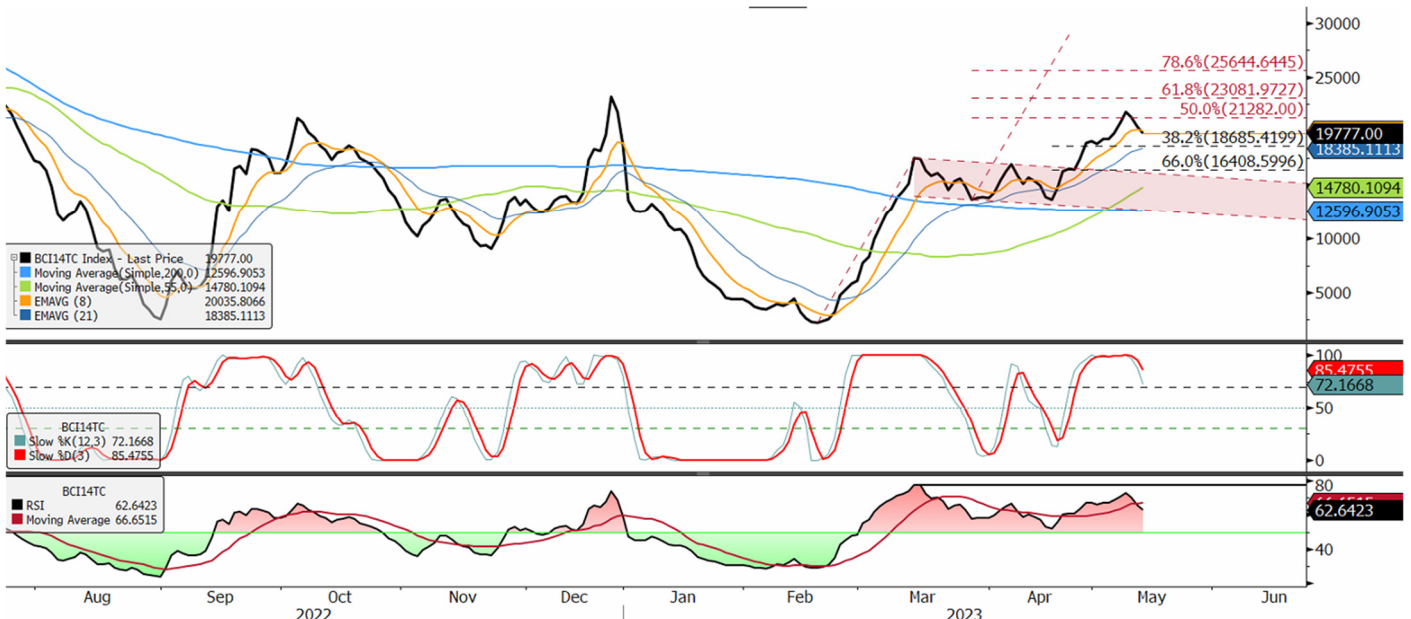
## Q3 23

Bearish with a neutral bias last week, the futures needed to trade above the USD 23,125 resistance to confirm that we were potentially in the early stages of a bullish impulse wave 5. The upside move failed to hold with key resistance remaining in place, resulting in the RSI moving back below 50. Technically we remain bullish with a neutral bias; however, the RSI is making new lows whilst the MA on the RSI is suggesting momentum is weak, implying upside moves have the potential to be countertrend at this point. On paper, we look to be in a wave 4 correction, but the deep pullback is now a concern. If we trade below the USD 17,800 fractal support, it will mean the technical is bearish based on price, warning that the longer-term Elliott wave cycle has the potential to fail.

## Cal 24

Bullish with a neutral bias last week, the MA on the RSI indicated that momentum remained weak. The upside move we had been seeing failed to hold, resulting in further downside in the futures. Momentum continues to remain weak with intraday Elliott wave analysis suggesting that upside moves should be considered as countertrend at this point. We are now testing the USD 14,650 fractal support, if broken the technical will be bearish.

# Capesize Index

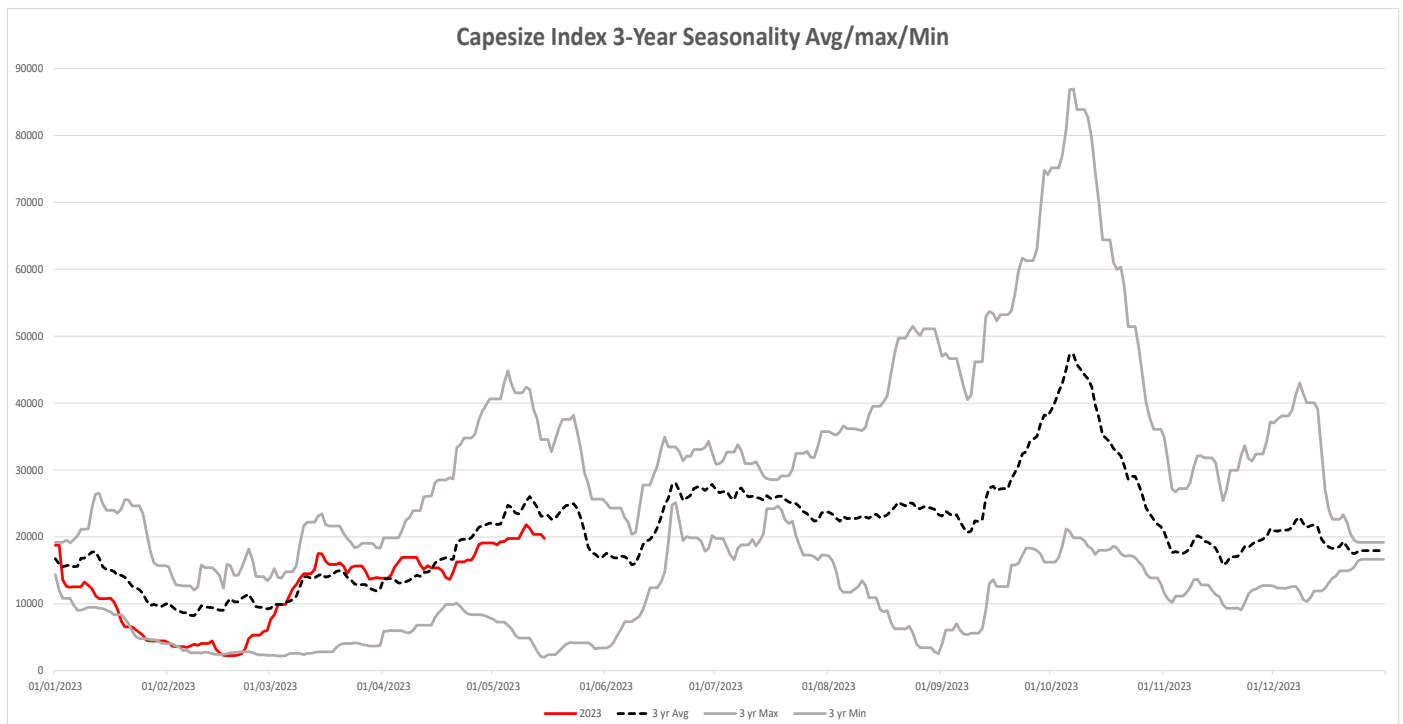


	Support	Resistance	Current Price	Bull	Bear
S1	18,685	R1	21,282	RSI above 50	Stochastic overbought
S2	17,719	R2	23,081		
S3	16,408	R3	25,644		

## Synopsis - Intraday

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (72)
- Stochastic is overbought
- Technically bullish last week, the RSI breakout had warned that the USD 21,282 and USD 23,081 resistance levels were vulnerable in the near-term, with the potential to test the USD 25,644 level. However, we highlighted that there was a negative divergence between the RSI and price that needed to be monitored, as it warned we have the potential to see a momentum slowdown. The index traded to a high of USD 21,814 before entering a corrective phase. The index is between the 8-21 period EMA's with the RSI above 50.
- Momentum based on price is now aligned to the sell side, a close above USD 21,014 will mean it is aligned to the sell side. Downside moves that hold at or above USD 16,408 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we are starting to move lower on the back of the negative divergence with the RSI, with momentum based on price aligned to the sell side. This would suggest that support levels could be vulnerable, making USD 16,408 the key level to follow.



# Capesize June 23 (1 Month forward)

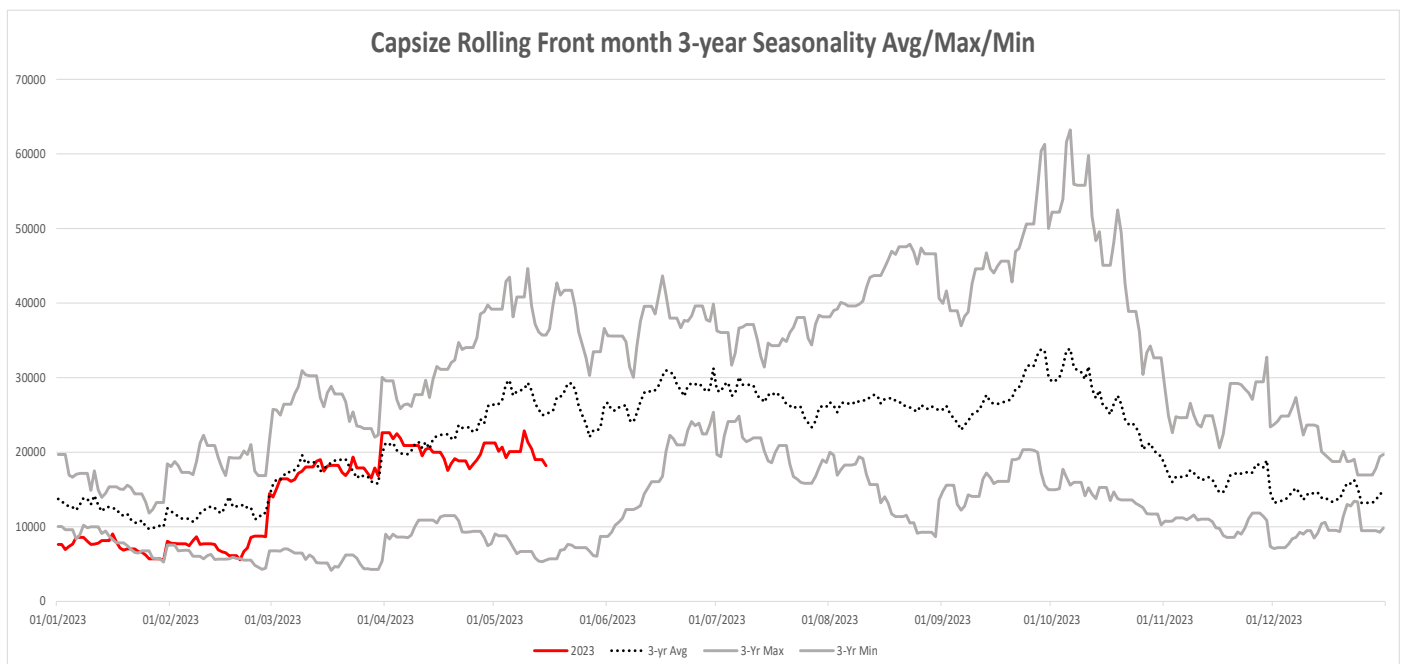


	Support	Resistance	Current Price	Bull	Bear
S1	17,550	R1	20,004		RSI below 50
S2	16,125	R2	20,637		
S3	14,000	R3	21,441		

## Synopsis - Intraday

- Price is below the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is below 50
- Technically bullish on the last report, an upside moves above USD 23,000 would create a positive divergence with the RSI, which would need to be monitored; however, Elliott wave analysis did suggest we had a potential upside target of USD 25,935. We also highlighted that a new high would warn that we are possibly seeing a 5th wave extension, meaning we had the potential to surpass the USD 25,935 level. The futures did make a new high, meaning we had a divergence in play; however, there has been no follow through, resulting in the futures entering a corrective phase. Price is below the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the sell side.
- Upside moves that fail at or below USD 21,441 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 23,150 fractal high.
- The technical is bullish with a neutral bias due to the deep pullback, with intraday momentum indicators warning that the USD 17,550 fractal support is vulnerable. If broken the technical is bearish. You will know from the morning reports that there has been uncertainty on the technical due to the futures making a new high in what looked to be a bullish formation; however, the depth of the pullback is warning that support levels are now vulnerable. Daily momentum indicators are neutral, making USD 17,550 the key support to follow.

Source Bloomberg



# Capesize Q3 23 (Rolling front QTR)

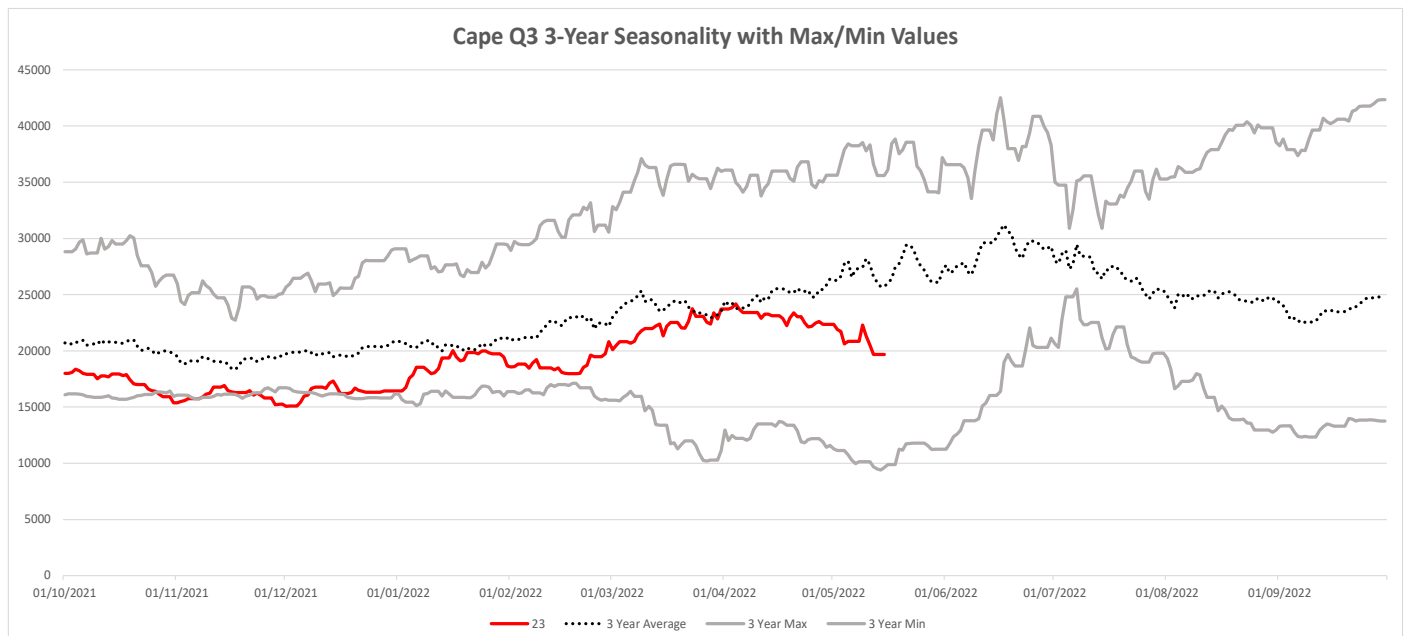


	Support	Resistance	Current Price	Bull	Bear
S1	18,420	R1	20,067	Stochastic oversold	RSI below 50
S2	17,800	R2	20,512		
S3	17,330	R3	21,116		

## Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is above 50 (46)
- Stochastic is oversold
- The upside move above USD 22,250 last week meant the technical although corrective, had a neutral bias. The futures needed to trade above the USD 23,125 level to signal we are potentially in the early stages of a bullish impulse wave 5. The RSI was just above 50 with the stochastic in oversold territory, if the RSI could hold above 50 then it would support a move higher; likewise, if it moved below 50 then the oversold stochastic was considered less relevant. The futures failed to trade above the USD 23,125 resistance resulting in the RSI moving below 50 and a strong move to the downside in the futures. Price is below all key moving averages with the RSI below 50, the technical continues to have a neutral bias due to the depth of the pullback.
- Upside moves that fail at or below USD 21,116 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 22,400 fractal resistance.
- Technically bearish with a neutral bias, the RSI is making new lows whilst the MA on the RSI is suggesting momentum is weak, implying upside moves should be considered as countertrend at this point, making USD 21,116 the key resistance to follow. Downside moves below USD 17,800 will create a lower low, meaning the futures are bearish based on price, warning that the longer-term Elliott wave cycle has the potential to fail.



# Capesize Cal 24



	Support	Resistance	Current Price	Bull	Bear
S1	14,650	R1	15,410	Stochastic oversold	RSI below 50
S2	13,500	R2	15,637		
S3	12,200	R3	15,945		

## Synopsis - Intraday

Source Bloomberg

- Price is below the 8-21 period EMA
- RSI is below 50 (35)
- Stochastic is oversold
- Bullish with a neutral bias last week, the futures were moving higher, but the MA on the RSI suggested that momentum remained weak, making USD 16,183 the key resistance level to follow on the technical. The upside move failed to hold with the futures moving lower, price is below all key moving averages supported by the RSI below.
- Upside moves that fail at or below USD 15,945 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 16,325 fractal resistance.
- We remain bullish with a neutral bias; however, the MA on the RSI would suggest that momentum remains weak, whilst the RSI is making a new low. This is supported by the intraday Elliott wave analysis that suggests that upside moves should be considered as countertrend at this point. The futures are now USD 50.00 above the USD 14,650 fractal support, if broken the technical will be bearish.

