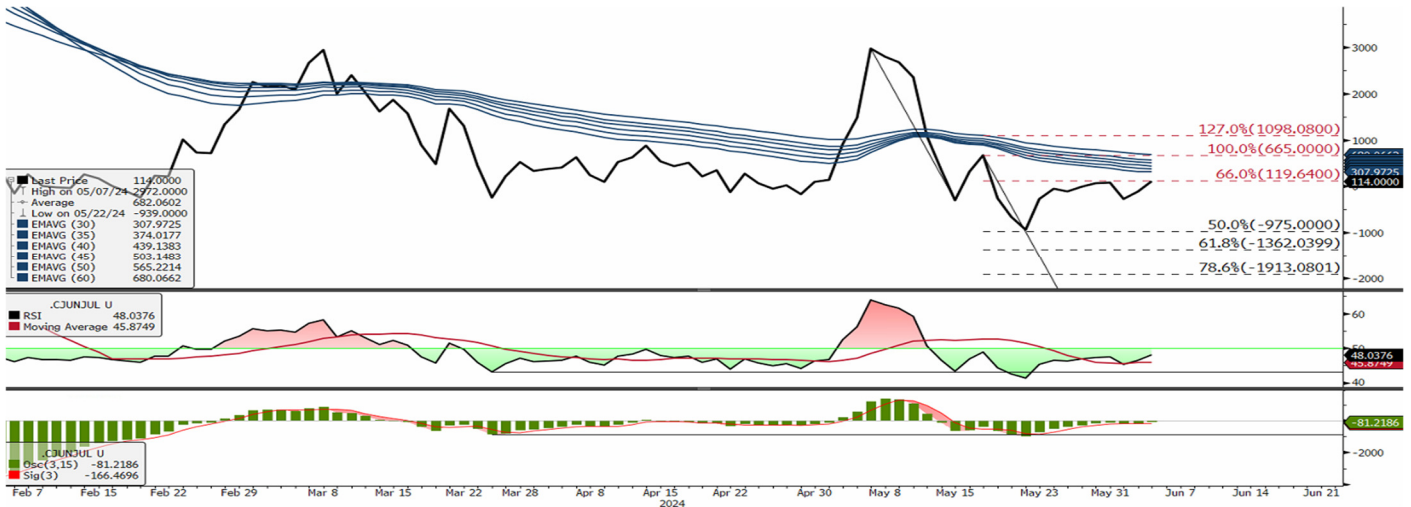




Capesize Spread Report

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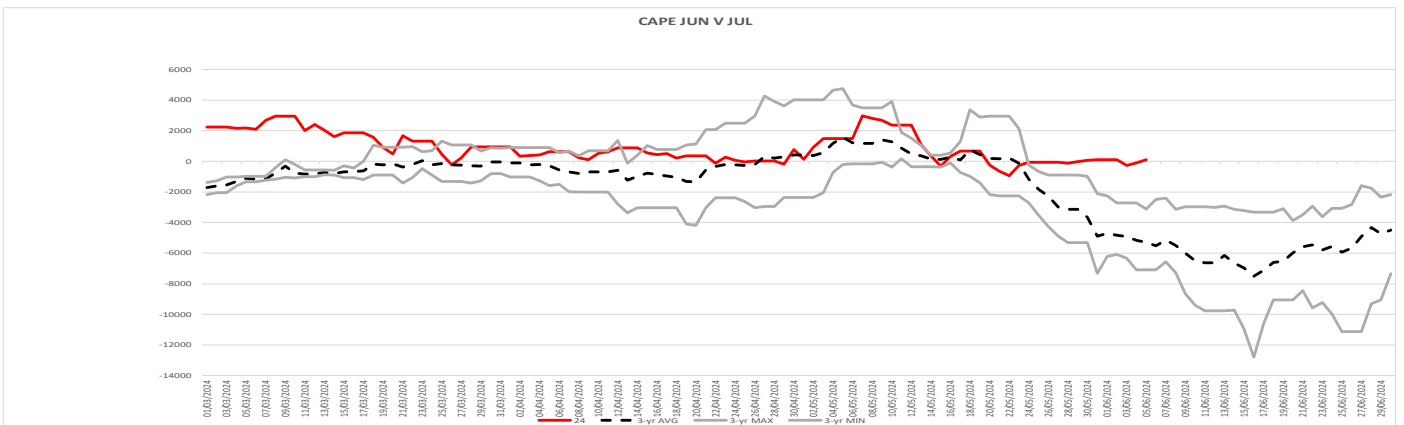
Capesize June v July Spread



Support	Resistance	Current Price	Bull	Bear
S1	-278	R1	119	RSI below 50
S2	-975	R2	665	
S3	-1,326	R3	1,098	

Synopsis

- Price is below the EMA resistance band
- RSI is below 50 (48)
- MACD is below 0
- Price is above the weekly pivot point (USD 75)
- Technically bearish in the last report, the MA on the RSI implied that momentum was weakening. The RSI was making new lows, but the MACD was on support, we are also seeing light bid support in the June futures, warning the spread was vulnerable to a move higher in the near-term. However, the RSI low and the seasonality chart warned that there could be further downside, provided we remained below USD 119 and the outright remained below USD 27,374. If either of these resistance levels are broken, then the probability of the spread trading to a new low would start to decrease.
- The spread did see a move higher on the back of the MACD support with price trading up to but not above (at this point) the USD 119 resistance. We remain below the EMA resistance band with the RSI below 50.
- Technically we remain bearish, if we close above USD 119, then the probability of the futures trading to a new low will start to decrease. The MA on the RSI is implying that momentum is neutral, whilst the RSI is above and finding support on its average. The RSI low on the 22/05 is warning that we could see further downside in this spread, seasonality is supporting this; however, we have a note of caution, as the July futures are on trend support with the RSI going into divergence below USD 24,625 (triple intraday bottom). Unless the July divergence fails, the spread could struggle to hold on moves lower.



Capesize July v Q3 Spread

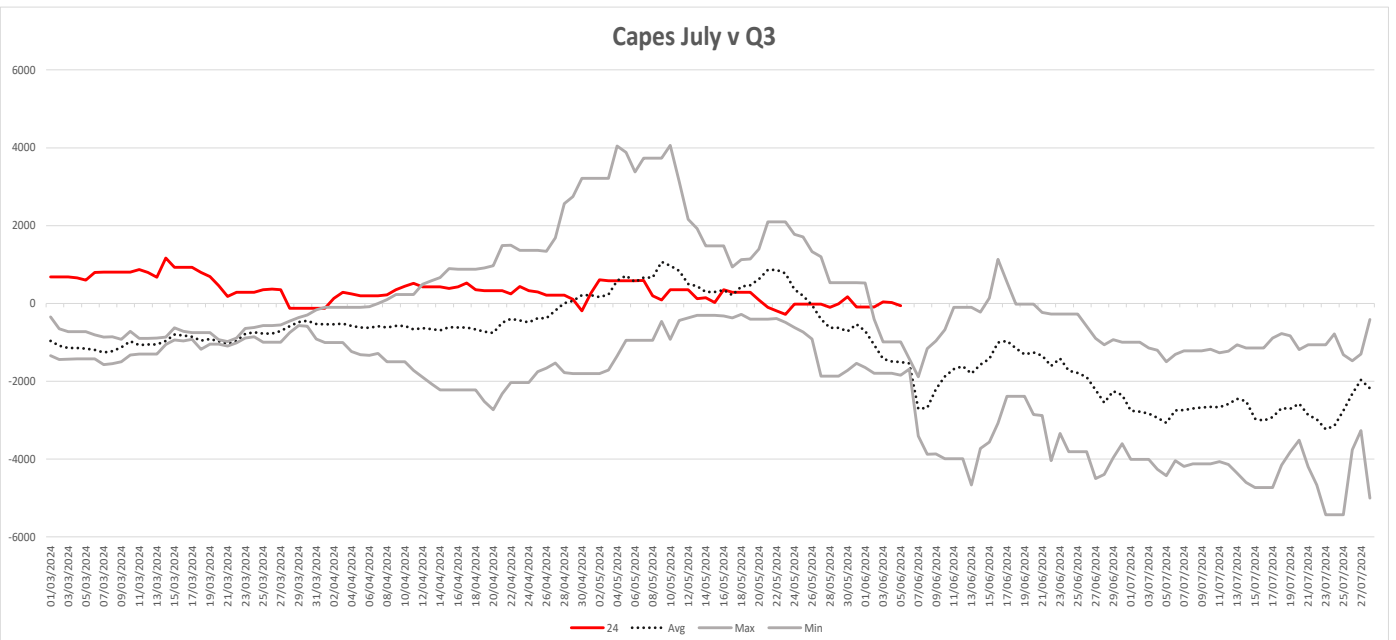


Support	Resistance	Current Price	Bull	Bear
S1	-203	R1	6	RSI below 50
S2	-425	R2	163	
S3	-704	R3	305	

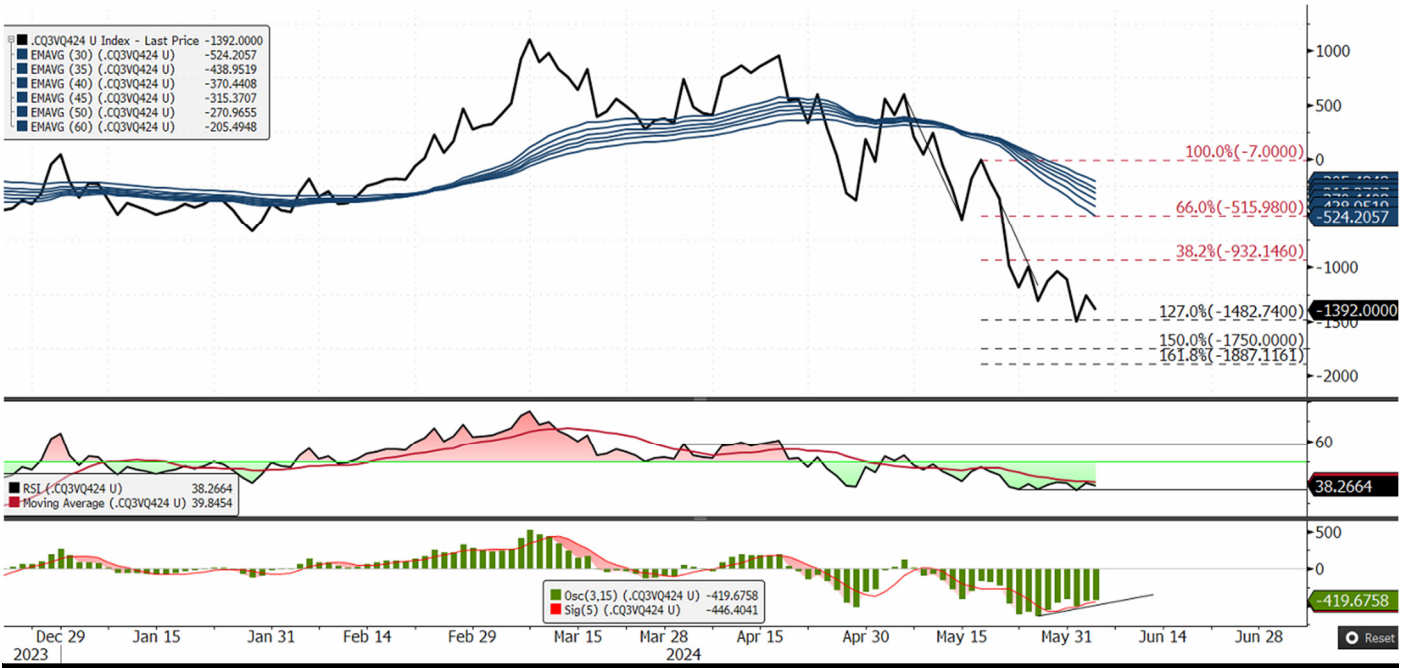
Synopsis

Source Bloomberg

- Price is below the EMA support band
- RSI is below 50 (47)
- MACD is below 0
- Price is below the weekly pivot point (USD 6)
- The spread traded to a low of USD – 283 before finding bid support off the back of the trend line. We have seen fresh momentum weakness due to the rejection of the USD 27,347 level on the rolling front month chart (which is the 50% Fibonacci retracement on the spread USD 163). We remain in a bearish trend channel with the RSI below 50 whilst price is below the weekly pivot level.
- Upside moves that fail at or below USD 305 will leave the spread vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the 100% Fibonacci projection is at USD -225, this is also the trend support line. Downside moves below USD -283 have the potential to create a positive divergence with the MACD. Not a buy signal, it is a warning that we could see a momentum slowdown, implying caution on downside breakouts. One note of caution on this spread, obviously the July is on a support level and divergent below USD 24,625. The Q3 chart is becoming a little interesting, as it continues to reject the 55-period EMA (as highlighted on Monday's tech report). However, we have seen a bullish rejection candle on the 04/05 (low USD 24,875), this is in line with the rejection candles on the 29/04 and 27/03, implying there is an underlying support in the market. for this reason, we are cautious on downside breakouts.



Capesize Q3 v Q4



	Support	Resistance	Current Price	Bull	Bear
S1	-1,482	R1	-1,117		
S2	-1,750	R2	-932		RSI below 50
S3	-1,887	R3	-515		

Synopsis

Source Bloomberg

- Price is Below the EMA resistance band
- RSI is below 50 (37)
- MACD is below 0
- Price is below the weekly pivot level (USD -192)
- Technically bearish in the last report with price below the weekly pivot level (USD -192), the MA on the RSI was acting as a resistance but remained flat. We were in divergence on both the RSI and the MACD, not a buy signal warned that we could see a momentum slowdown. We were cautious on this technical, the Q3 was below its average but finding support at the base of the bullish engulfing pattern from the 15/05. If we held above USD 25,753 then the divergence on the spread would come into play, warning the USD -340 resistance could come under pressure. If broken, then the probability of the spread trading to a new low would start to decrease. However, if the futures broke the support, the divergence would probably fail. We had a neutral bias, as the technical was in balance.
- The futures broke below the USD 25,753 level, meaning the divergence in the spread failed, resulting in price trading to a low of USD -1,504. We are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD -515 will leave the spread vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the spread is now in divergence with the MACD whilst the RSI is testing support. As noted in the July Q3, we are seeing bullish rejection candle in the Q3 futures, warning of an underlying support in the market. We may see one more small test to the downside but are cautious on downside moves, as we are looking vulnerable to a move higher.

