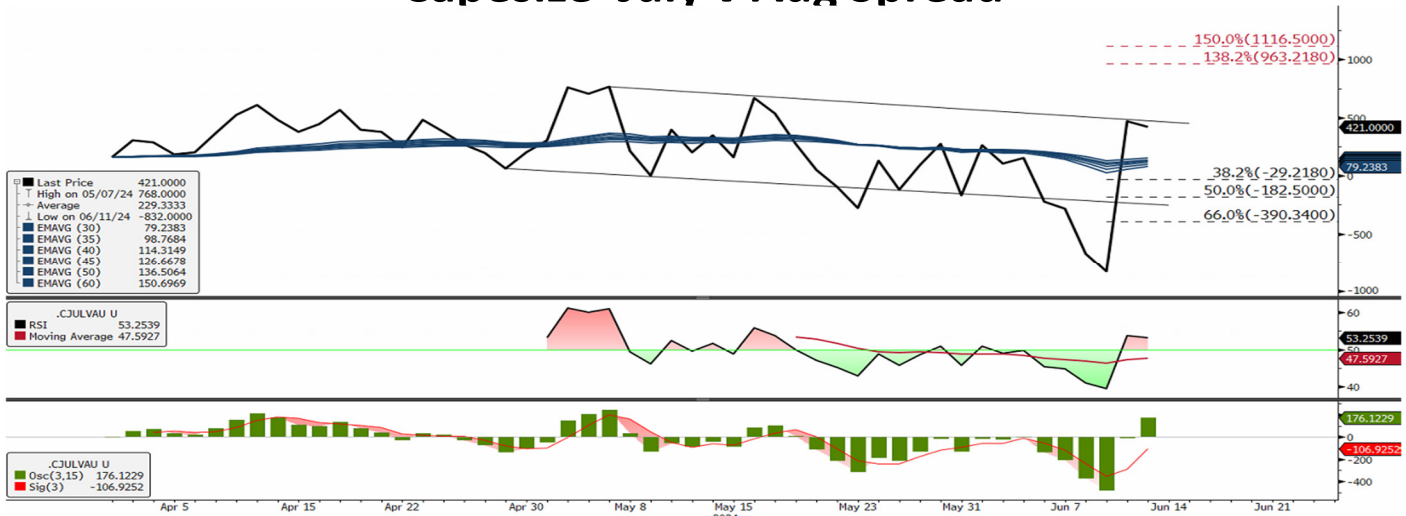




Capesize Spread Report

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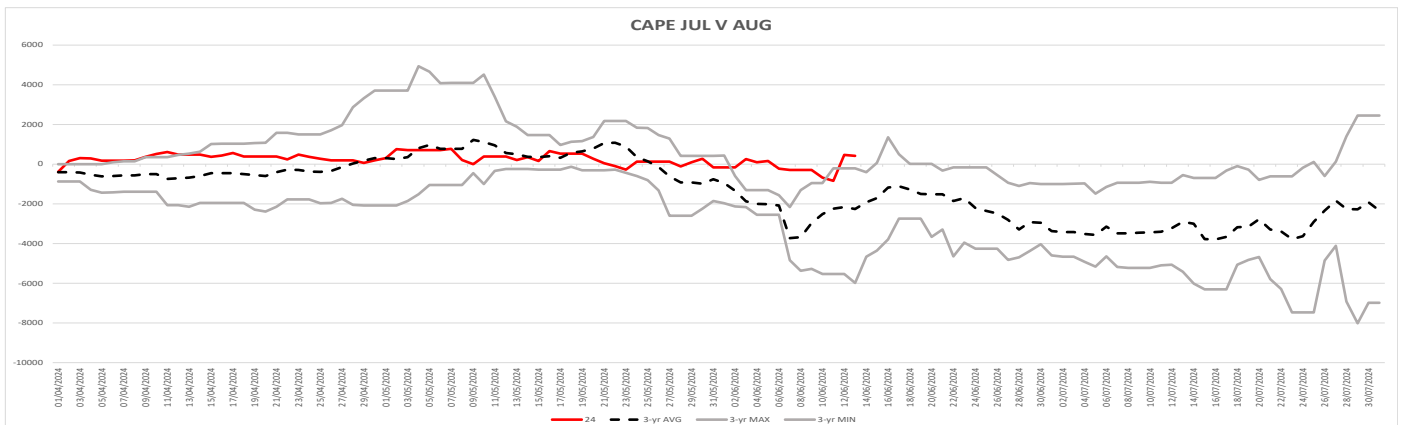
Capesize July v Aug Spread



Support	Resistance	Current Price	Bull	Bear
S1	-29	R1	483	
S2	-182	R2	768	RSI above 50
S3	-286	R3	638	

Synopsis

- Price is above the EMA resistance band
- RSI is below 50 (53)
- MACD is above 0
- Price is above the weekly pivot point (USD -286)
- Technically bearish last week, the MA on the RSI implied that momentum was weakening with price below the EMA resistance band. Unlike the Jun v July spread, the July Aug had moved back below the channel support line with seasonality warning we could move lower.
- Having sold to a low of USD -832 the spread has seen a strong move higher due to the July futures holding support on the 10/06 before producing a bullish close on the 11/06, the spread has now entered bullish territory.
- Downside moves that hold at or above USD -390 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the spread is now testing channel resistance (USD 483); however, the RSI and the MACD are now indicating that momentum is supported, implying we could see further upside. The spread is going to need to close above and hold above the channel resistance for upside continuation. The July futures have seen a small upside rejection today but remain bullish having held support two days ago. However, we are above seasonality highs with average values due to turn lower, making USD 483 the key level to follow.



Capesize July v Q3 Spread

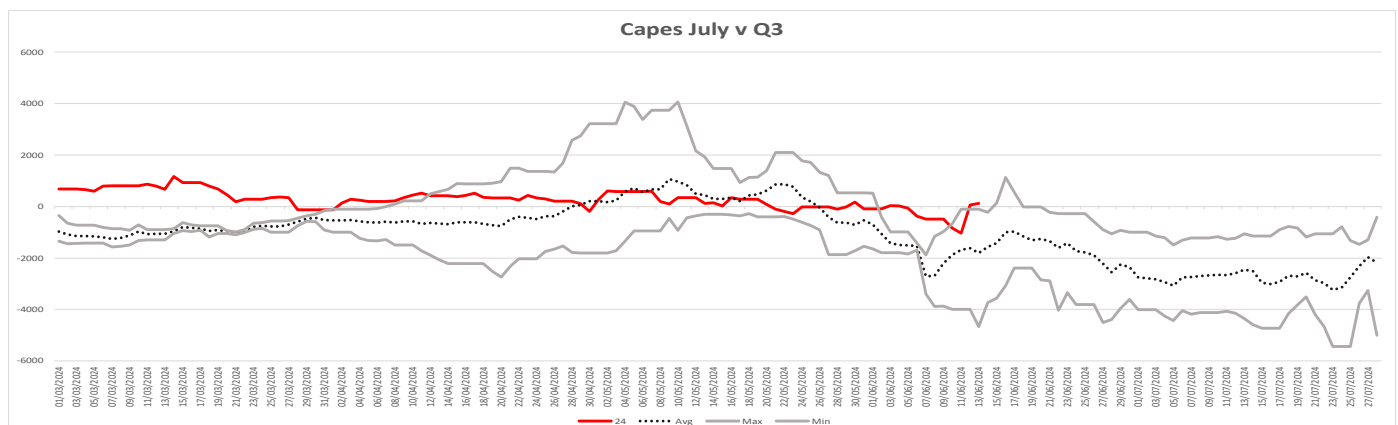


	Support	Resistance	Current Price	Bull	Bear
S1	-324	R1	170	MACD above 0	
S2	-460	R2	554		
S3	-644	R3	690		

Synopsis

Source Bloomberg

- Price is below the EMA resistance band
- RSI is at 50 (50)
- MACD is above 0
- Price is below the weekly pivot point (USD -486)
- Technically bearish last week, the 100% Fibonacci projection was at USD -425, this is also the trend support line. Downside moves below USD -283 had the potential to create a positive divergence with the MACD. Not a buy signal, it warned that we could see a momentum slowdown, implying caution on downside breakouts. One note of caution on this spread, obviously the July was on a support level and divergent below USD 24,625. The Q3 chart was becoming a little interesting, as it continued to reject the 55-period EMA (as highlighted on Monday's tech report). However, we noted that we had seen a bullish rejection candle on 04/05 (low USD 24,875), this was 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.
- The spread broke to the downside with the divergence failing, we traded to a low of USD -1036. The downside move was on the back of July and Q3 supports also failing. However, the corrective move failed to hold, as the July held a support line just below USD 22,000 whilst the Q3 held its key support sat USD 22,975. We are now back above last week's levels with price in the EMA resistance band whilst the RSI is neutral.
- Downside moves that hold at or above USD -644 will support a near-term bull argument, below this level the USD -1,036 support will be vulnerable.
- Technically bearish with a neutral bias, the probability of the spread trading to a new low has started to decrease. The MACD and RSI imply that we have light momentum support whilst the futures are testing channel resistance. The RSI has broken resistance, warning support levels should hold if tested, whilst the July futures have broken key resistance also. In theory, price action in the spread and the July futures look supported; however, a bearish belt hold candle pattern in the Q3, with seasonality on the spread is due to turn to the downside is a concern. We should note that the bearish belt hold is into the Q3 support. The downside rejection in the spread has been strong, implying we should move high, for the spread to go against the seasonality, it needs to close above and hold above the USD 170 level.



Capesize Q3 v Q4



Support	Resistance	Current Price	Bull	Bear
S1	R1	-1,294		RSI below 50
S2	R2			
S3	R3			

Synopsis

Source Bloomberg

- Price is Below the EMA resistance band
- RSI is below 50 (44)
- MACD is below 0
- Price is below the weekly pivot level (USD -1,742)
- Technically bearish last week, the spread is 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 noted that we may see one more small test to the downside but were cautious on downside moves, as we are looking vulnerable to a move higher.
- The spread had another test to the downside, but it was not that small, with price trading to a low of USD 2,353. The move higher has been equally as aggressive as the move lower with the spread back above last week's values. We are below the EMA resistance band with the RSI below 50.
- Downside moves that hold at or above USD – 1,992 will support a bull argument, if broken, then the USD – 2,353 fractal low will start to look vulnerable. Technically bearish but with a neutral bias, the probability of the spread trading to a new low has now started to decrease, above USD 1,083 the technical is bullish. However, upside moves that fail at or below USD -509 will warn that there is a larger bearish cycle in play. As noted on the July v Q3, the bearish belt hold candle pattern is a concern, but it is into support; whilst the downside rejection on the spread is strong, warning support levels could/should hold if tested.

Cape Q3 v Q4 3 - year Seasonality with Max/Min Values

