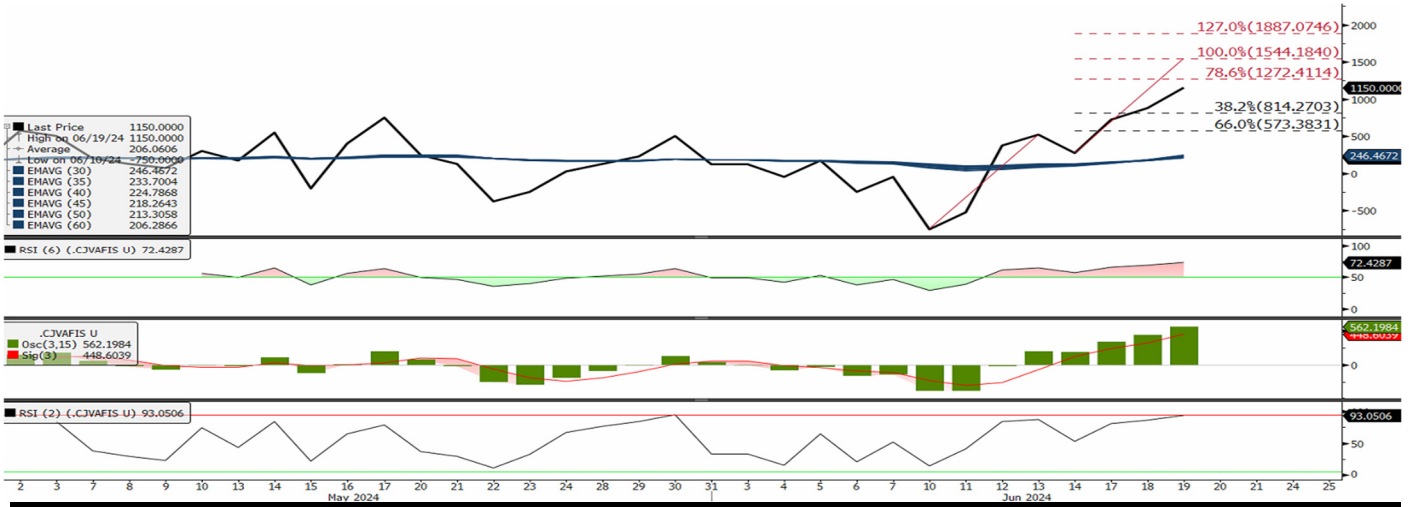




Capesize Spread Report

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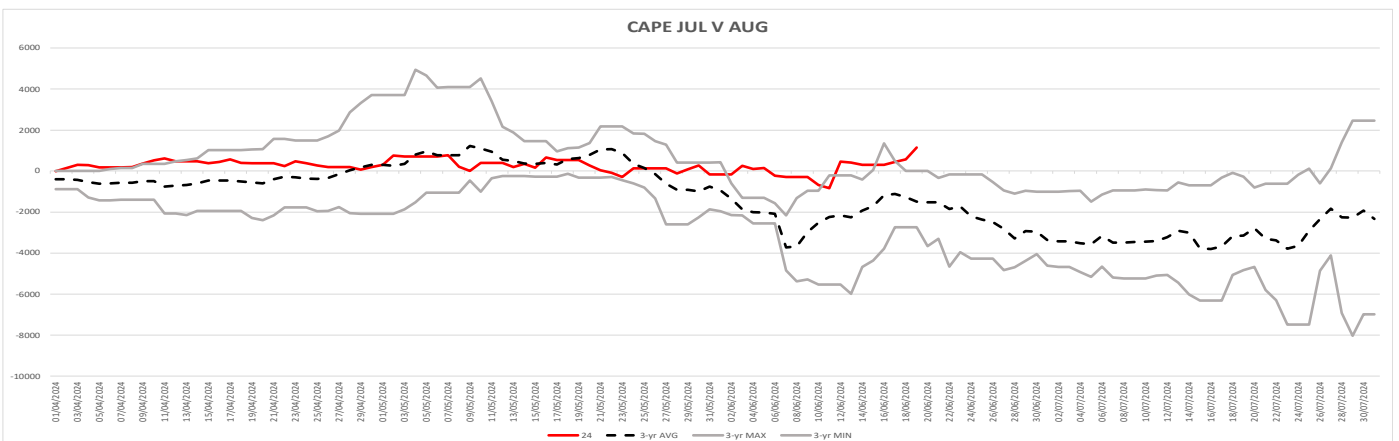
Capesize July v Aug Spread



	Support	Resistance	Current Price	Bull	Bear
S1	814	R1	1,272	RSI above 50	
S2	712	R2	1,544		
S3	573	R3	1,887		

Synopsis

- Price is above the EMA resistance band
- RSI is below 50 (54)
- MACD is above 0
- Price is above the weekly pivot point (USD 275)
- Technically bullish last week, the spread was testing channel resistance (USD 483); however, the RSI and the MACD were indicating that momentum was supported, implying we could see further upside. The spread was going to need to close above and hold above the channel resistance for upside continuation. The July futures had seen a small upside rejection on the 13/06 but remained bullish having held support two days ago. However, we were above seasonality highs with average values due to turn lower, making USD 483 the key level to follow.
- The spread traded to a low of USD 246, before moving to new highs on the 19/06. We are above the EMA resistance band with the RSI above 50.
- Downside moves that hold at or above USD 573 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the short period RSI is now becoming overextended at 93 with the futures USD 900 over the 30 period EMA. When price was USD 850 below the 30 period EMA, the spread had a mean reversion back to the average. This is a warning that we could be vulnerable to a technical pullback, making USD 573 the key support to follow, if broken, then the technical will have a neutral bias. The July futures are consolidating with price below its 55-period EMA. A cautious bull on the spread due to threat of a mean reversion.



Capesize July v Q3 Spread

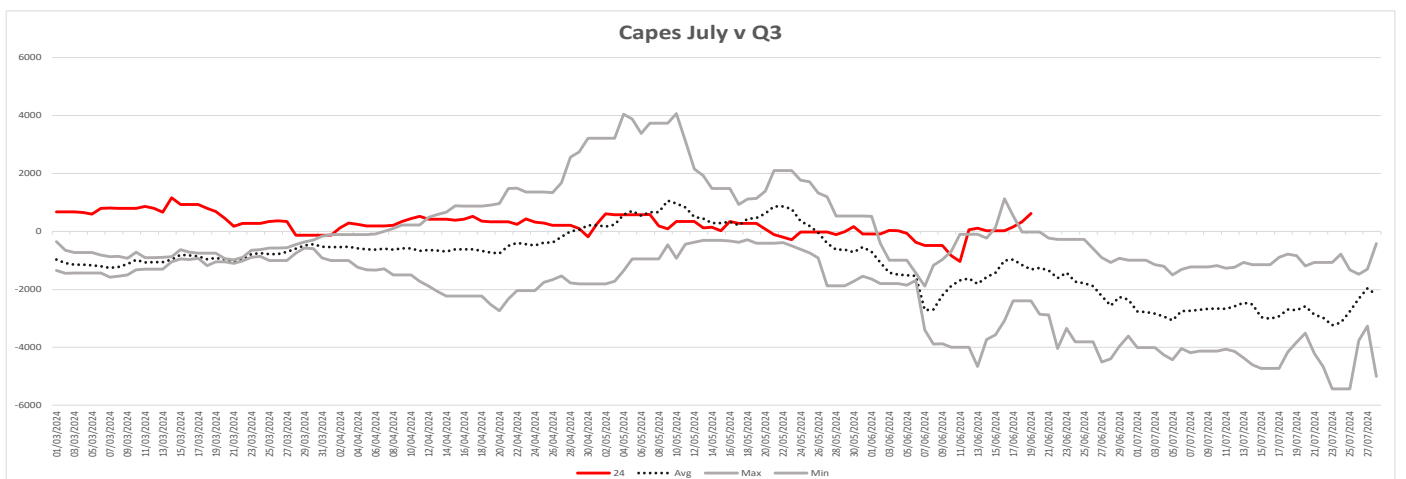


Support	Resistance	Current Price	Bull	Bear	
S1	390	R1	875	625	MACD above 0
S2	220	R2	1,088		
S3	50	R3	1,262		

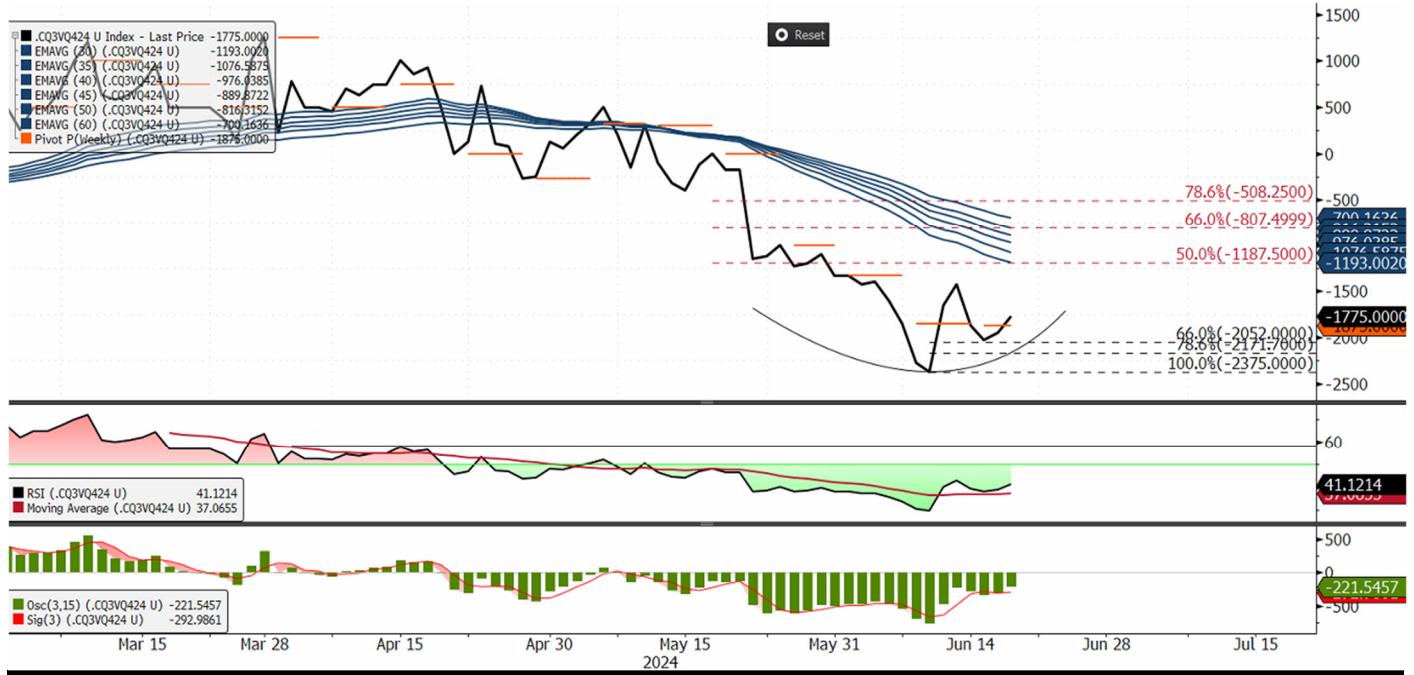
Synopsis

Source Bloomberg

- Price is above the EMA resistance band
- RSI is above 50 (64)
- MACD is above 0
- Price is above the weekly pivot point (USD 50)
- I have moved over to live pricing on the spreads, otherwise I have to write them after the close. Data is FIS so it is a little shorter than Baltic, for this reason we are using a 6 period and 2 period RSI.
- Technically bearish with a neutral bias last week, the probability of the spread trading to a new low had started to decrease. The MACD and RSI implied that we had light momentum support whilst the futures were testing channel resistance. The RSI had broken resistance, warning support levels should hold if tested, whilst the July futures had broken key resistance also. In theory, price action in the spread and the July futures looked supported; however, a bearish belt hold candle pattern in the Q3, with seasonality on the spread is due to turn to the downside was a concern. We noted that the bearish belt hold was into the Q3 support. The downside rejection in the spread had been strong, implying we should move higher, for the spread to go against the seasonality, it needed to close above and hold above the USD 170 level.
- The spread closed below but failed to hold below the USD 170 level resulting price trading to a high of USD 625. We are above the EMA support band with the RSI above 50.
- Downside moves that hold at or above USD 220 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, as noted in the July v Aug spread, the July is in a consolidation zone with price below the 55-period EMA. The Q3 futures have moved lower on the bearish belt hold last week with price now finding resistance at the old support zone. The MACD on the spread is indicating momentum is supported; however, the MACD bars are slowing down. Both the 6-and-2-period RSI's are in divergence, warning we could be about to see a technical pullback. The spread is not considered a technical buy at these levels as it could be about to move lower.



Capesize Q3 v Q4



Support	Resistance	Current Price	Bull	Bear
S1	R1	-1,775		RSI below 50
S2	R2			
S3	R3			

Synopsis

Source Bloomberg

- Price is Below the EMA resistance band
- RSI is below 50 (41)
- MACD is below 0
- Price is above the weekly pivot level (USD -1,858)
- Technically bearish but with a neutral bias last week, the probability of the spread trading to a new low had now started to decrease, above USD -1,083 the technical would be bullish. However, upside moves that fail at or below USD -508 would warn that there is a larger bearish cycle in play. As noted on the July v Q3, the bearish belt hold candle pattern was a concern, but it was into support; whilst the downside rejection on the spread was strong, warning support levels could/should hold if tested.
- We did see a pullback in the spread; however, we have held above key support at USD - 2,052. We are below the EMA resistance band with the RSI below 50.
- Downside moves that hold at or above USD - 2,052 will support a bull argument, if broken, then the USD - 2,375 fractal low will start to look vulnerable. Likewise, upside moves that fail at or below USD 508 will leave the spread vulnerable to further tests to the downside.
- Technically bearish with a neutral bias, the spread is holding above key support levels. The MA on the RSI is flat, implying momentum is neutral, the RSI is acting as a support to the RSI. Although we are seeing evidence of support in the market, the signal line on the MACD is flat whilst the MACD is below 0. This is warning that the recent buyside momentum that we have seen is starting to slow. This spread is neutral, we could see another test to the downside in the near-term, as the July v Aug is vulnerable to a mean reversion whilst the July v Q3 is in divergence. However, we have a note of caution if we do trade to new lows as this area previously witnessed strong buyside support.

