FIS

Capesize Technical Report

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Index

the index failed to move higher last week with price entering a corrective phase. The MA on the RSI continues to suggest that momentum is supported but we are below the weekly pivot level (USD 12,167), implying price action is weak at this point. If the RSI moves below its average, then the USD 9,123 – USD 8,945 fractal support zone could come under pressure; likewise, if the RSI holds its moving average, then market sellers will need to be cautious due to momentum support. We remain cautious downside breakouts below the fractal support zone, as this will create further positive divergences with the RSI, warning sell side momentum could slow. We are a cautious bear due to the divergence at lower levels alongside the momentum support (MA on the RSI); however, we will need to see price above the weekly pivot level to signal buyside pressure is increasing.

Feb 25

The corrective wave 4 looks like it may have terminated earlier than we were expecting last week, as the futures have traded below the intraday support at USD 9,124, implying we are potentially in the early stages of a bearish impulse wave 5. Upside moves are still considered as countertrend as we remain above the USD 7,900 level; if broken it will confirm that we are on the bearish wave 5. However, a new low will create a positive divergence with the RSI, warning sell side momentum could slow, implying caution on downside breakouts. Due to the move below USD 9,124, the technical suggests that support levels are vulnerable at this point.

Q2 25

Technically bullish based on price last week, our Elliott wave analysis suggested that upside moves looked like they could be countertrend; however, momentum warned resistance levels were vulnerable in the near-term. The futures rejected the 55-period EMA, resulting in the futures trading to a low of USD 16, 250. The move below USD 16,710 means that the probability of the futures trading above USD 17,700 within this phase of the cycle has started to decrease, warning the USD 16,200 fractal low could be tested and broken. If it is, then we have the potential to trade as low as USD 14,501 within this phase of the cycle. However, a new low will create a positive divergence with the RSI, warning we could see a momentum slowdown, which will need to be monitored. The technical suggests we should trade to a new low, but we have a note of caution below USD 16,200 due to the divergence coming into play.

Cal 26

Bearish with a neutral bias last week, we noted that if the futures traded above the USD 18,425 level it would confirm that this phase of the bearish wave cycle would have completed. We traded to a high of USD 18,400 before selling to new lows, meaning we failed to complete this phase of the bear cycle. We are now in divergence with the RSI, warning we could see a momentum slowdown; however, upside moves that fail at or below USD 18,017 will imply that there could be further downside within this phase of the technical. 1-hour Elliott wave analysis is warning that intraday upside moves could be countertrend in the very near-term, meaning focus should be on the USD 18,017 level to see if it holds.

C5 Feb 25

Bullish based on price last week, our Elliott wave analysis suggested that upside moves should in theory be countertrend, making USD 9.31 the key resistance to follow. We have seen a small pullback putting price below the 8-21 period EMA's; however, the MA on the RSI continues to imply that momentum is supported. As noted last week, our Elliott wave analysis continues to suggest that upside moves should in theory be countertrend, making USD 9.31 the key resistance to follow. Downside moves below USD 6.52 will create a positive divergence with the RSI, suggesting caution on moves below this level.

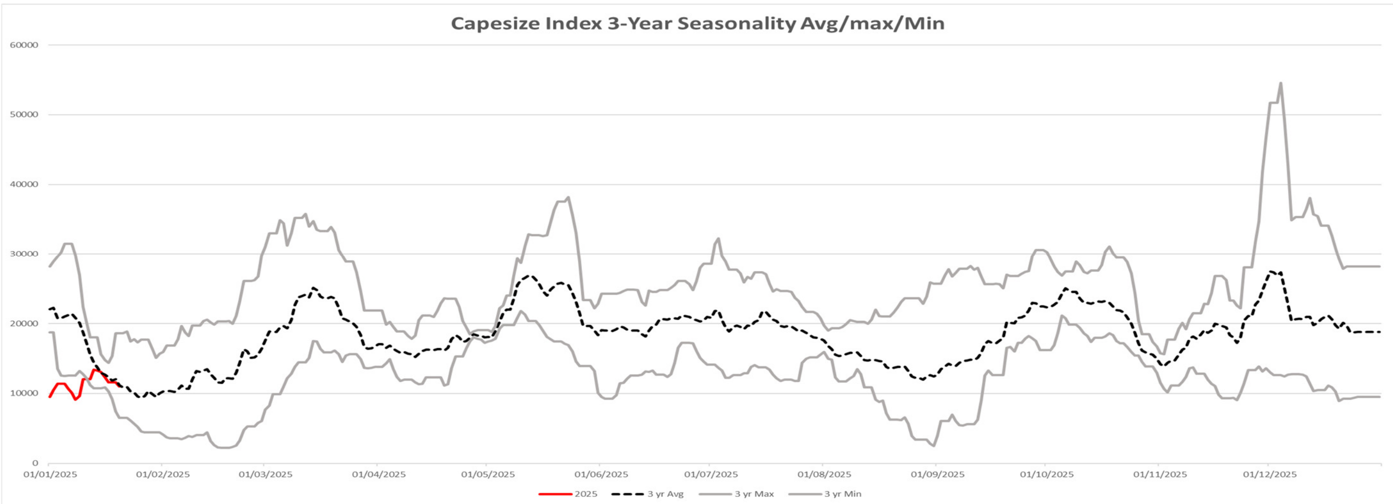
Capesize Index

Support		Resistance		Current Price	Bull	Bear
S1	9,123	R1	12,167	13,391		RSI below 50
S2	8,945	R2	13,391			
S3	6,727	R3	14,811			

Source Bloomberg

Synopsis

- Price is below the 8-21 period EMA's
- RSI is below 50 (41)
- Stochastic is overbought
- Price is below the weekly pivot point (USD 12,167)
- Technically bearish last week, the MA on the RSI continued to imply that momentum was supported. We noted that the downside move failed to hold due to the positive divergence with the RSI, warning the Fibonacci resistance zone could come under pressure in the near-term. If we did trade above the USD 20,714 resistance, then the probability of the index trading to a new low will start to decrease; Likewise, a close below the weekly pivot point (USD 11,047) would warn that sell side pressure was increasing.
- The index has entered a corrective phase with price now below all key moving averages supported by the RSI below 50.
- Momentum based on price (MBP) is aligned to the sell side, a move above USD 12,460 will mean it is aligned to the buyside. Upside moves that fail at or below USD 20,714 will leave the index vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI continues to suggest that momentum is supported; countering this, price is below the weekly pivot level (USD 12,167), implying price action is weak at this point. If the RSI moves below its average, then the USD 9,123 – USD 8,945 fractal support zone could come under pressure; likewise, if the RSI holds MA support market sellers will need to be cautious due to momentum support. We remain cautious downside breakouts below the fractal support zone, as this will create further positive divergences with the RSI, warning sell side momentum could slow. We are a cautious bear due to the divergence at lower levels, alongside the momentum support (MA on the RSI); however, we will need to see price above the weekly pivot level to signal buyside pressure is increasing.



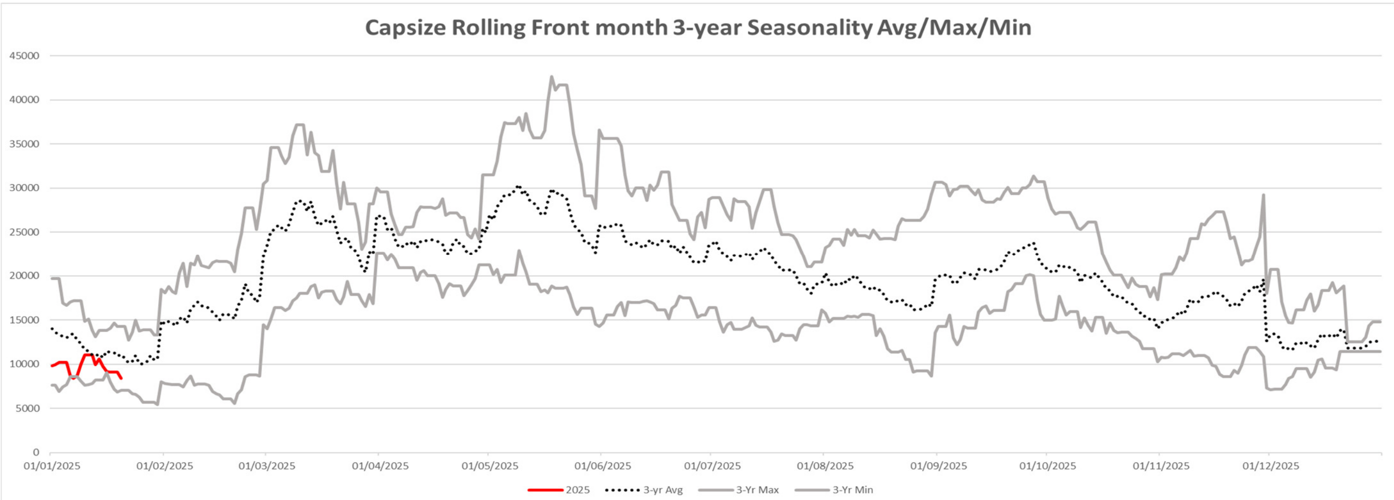
Capesize Feb 25 (1 Month forward)

Support		Resistance		Current Price	Bull	Bear
S1	7,900	R1	12,750	8,400		RSI below 50
S2	6,131	R2	15,501			
S3	4,087	R3	17,850			

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (36)
- Stochastic is below 50
- Technically bearish last week, the move higher on the positive divergence warned that the USD 12,750 fractal resistance could be tested and broken; if it was, then the technical would be bullish based on price. As noted in the intraday morning technical, if fractal resistance was broken, then the market could potentially look to close the bearish gap (USD 17,700). However, as noted previously, our Elliott wave analysis suggested that upside moves should in theory be countertrend, making USD 21,450 the key resistance to follow on this technical.
- The upside move in the futures has failed to break the fractal resistance, whilst the move below USD 9,124 on the intraday chart warns that we have potentially entered a bearish impulse wave 5 for this phase of the cycle. If we are, then the wave 4 will have terminated earlier than anticipated.
- Upside moves above USD 12,750 will mean that the technical is bullish based on price; however, key resistance from an Elliott wave perspective remains at USD 21,034, upside moves that fail at or below this level will warn that there could be a larger, bearish wave cycle in play.
- Technically bearish, the MA on the RSI implies that momentum is supported, whilst a move below USD 7,900 will create a positive divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, implying caution on downside breakouts. Upside moves are still considered as countertrend at this point; however, below USD 7,900 will confirm that we have entered a bearish impulse wave 5. This in theory should be the 5th and final wave of this phase of the cycle, meaning any upside move above USD 12,750 (after a new low) will indicate that the lower timeframe wave cycle has completed. Due to the move below USD 9,124, the technical suggests that support levels are vulnerable at this point.



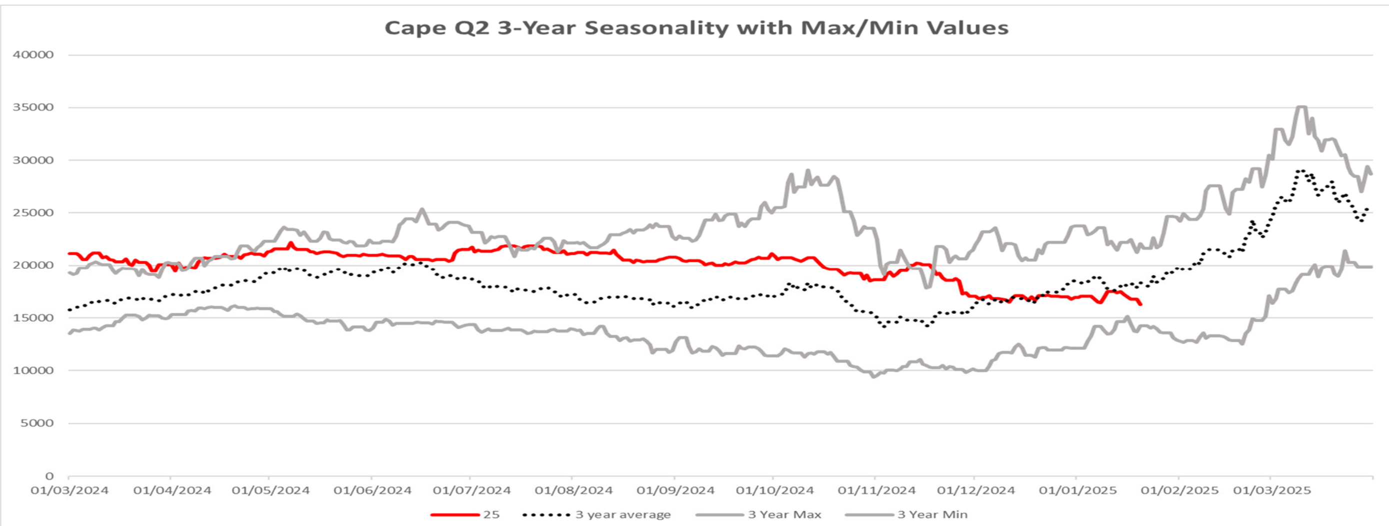
Capesize Q2 25

Support		Resistance		Current Price	Bull	Bear
S1	16,200	R1	17,890	16,325		RSI below 50
S2	15,723	R2	18,412			
S3	15,112	R3	19,120			

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (40)
- Stochastic is above 50
- Technically bullish last week, The MA on the RSI indicated that momentum is supported, warning resistance levels remained vulnerable. If we closed above and held above the 55-period MA (USD 17,839) it would further support a near-term bull argument. However, our intraday Elliott wave analysis suggested that the upside moves looked like they could be countertrend, making USD 19,120 the key resistance to follow. If broken, then the probability of the futures trading to a new high will start to decrease.
- The futures rejected the 55-period EMA (on two occasions) resulting in price selling below the USD 16,710 support. We are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD 19,120 will warn that there is a larger, bearish Elliott wave cycle in play.
- Technically bullish with a neutral bias, the probability of the futures trading above USD 17,700 within this phase of the cycle has started to decrease, due to the move below the USD 16,710 support. The deep pullback warns that the USD 16,200 fractal low could be tested and broken; if it is, then we have the potential to trade as low as USD 14,501 within this phase of the cycle. However, a new low will create a positive divergence with the RSI, warning we could see a momentum slowdown, which will need to be monitored. The technical suggests we should trade to a new low, but we have a note of caution below USD 16,200 due to the divergence coming into play.



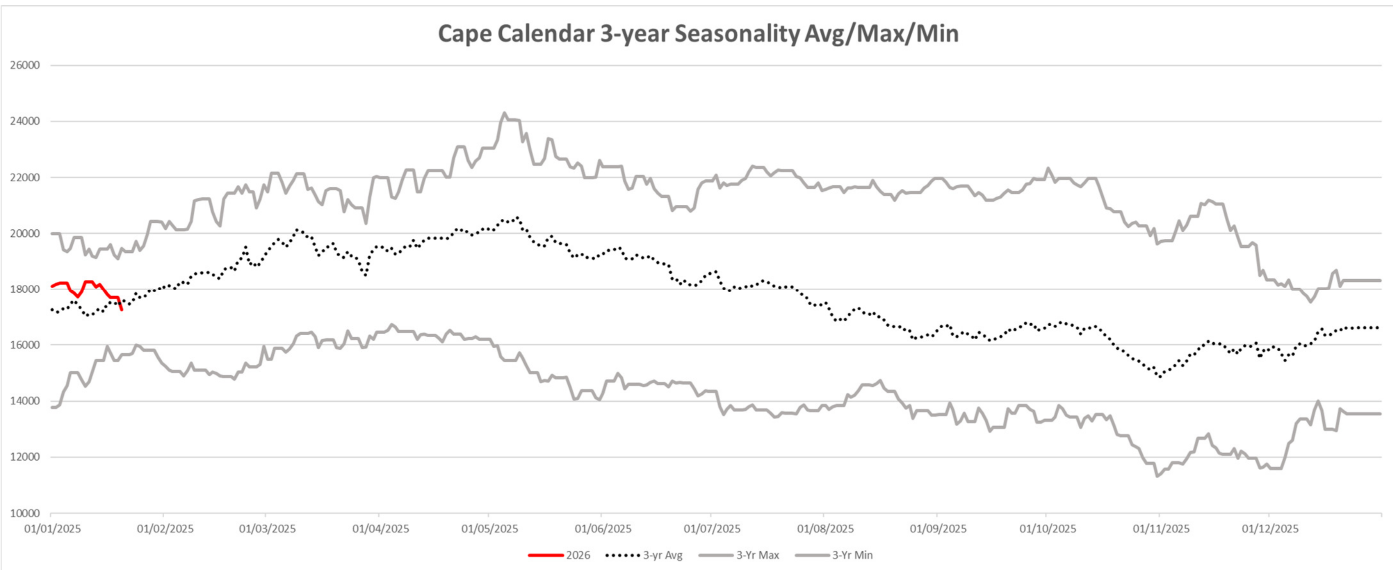
Capesize Cal 26

Support		Resistance		Current Price	Bull	Bear
S1	17,011	R1	17,683	17,350	Stochastic oversold	RSI below 50
S2	16,575	R2	18,017			
S3	16,138	R3	18,425			

Source Bloomberg

Synopsis

- Price is below the 8-21 period EMA's
- RSI is below 50 (32)
- Stochastic is oversold
- Technically bearish with a neutral bias last week, above USD 18,425 the technical would be bullish based on price. The MA on the RSI implied that momentum remained supported, warning that USD 18,425 fractal resistance could be tested and broken. We noted that it looked like we could be about to complete this phase of the bearish wave cycle (if we traded above USD 18,425); however, upside moves that fail at or below USD 20,256 would warn that there could be a larger bearish wave cycle in play.
- The futures traded to a high of USD 18,400 before selling to new lows, meaning we failed to complete this phase of the bear cycle. We are below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD 18,017 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the new low means the futures are in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. Upside moves that fail at or below USD 18,017 will warn that there could be further downside within this phase of the technical; above this level the probability of the futures trading to a new low will start to decrease. 1-hour Elliott wave analysis is warning that intraday upside moves could be countertrend in the very near-term, meaning focus should be on the USD 18,017 level to see if it holds.



Capesize C5 Feb 25 (Rolling Front Month Heiken Ashi Chart)

Support		Resistance		Close Price	Bull	Bear
S1	6.52	R1	7.06	6.76		RSI below 50
S2	5.06	R2	8,14			
S3	4.50	R3	8.64			

Synopsis

- Heikin-Ashi—This is a blended price to create a candlestick chart rather than a line chart. The chart is based off close only data
- Price is below the 8-21 period EMA's
- RSI is below 50 (37)
- Stochastic is above 50
- Current price USD 6.60
- Technically bullish last week, our Elliott wave analysis suggested that upside moves should in theory be countertrend, making USD 9.31 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low will start to decrease. The MA on the RSI implied that momentum was supported, whilst below USD 6.52 will create further positive divergences with the RSI, meaning we remained cautious on downside moves at these levels.
- The futures have seen a small pullback with price below all key moving averages with the RSI below 50.
- Upside moves that fail at or below USD 9.31 will leave the futures vulnerable to further tests to the downside, above this level the Elliott wave cycle will have a neutral bias.
- Technically bullish, the MA on the RSI continues to imply that momentum is supported. As noted last week, our Elliott wave analysis continues to suggest that upside moves should in theory be countertrend, making USD 9.31 the key resistance to follow. Downside moves below USD 6.52 will create a positive divergence with the RSI, suggesting caution on moves below this level.