FIS

Capesize Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Index

The index failed to close above the weekly pivot level last week, resulting in the RSI moving below 50 and price below the fractal support zone. Technically bearish, the new low means we are in divergence with the RSI, warning we could see a momentum slowdown, which needs to be monitored. We are cautious on moves lower due to the divergence in play; however, market buyers are going to need to see a close above the weekly pivot level (USD 9,106), to signal buyside pressure is increasing.

Feb 25

The move below USD 9,124 previously suggested that the USD 7,900 fractal support could be tested and broken. The futures have traded to a new low, creating a positive divergence with the RSI, resulting in the futures finding light bid support. The upside move on the divergence is warning that resistance levels are vulnerable, meaning we remain cautious on downside moves at these levels. If we do trade above the USD 10,140 resistance, the probability of the futures trading to a new low will start to decrease.

Q2 25

Bullish with a neutral bias last week, the move below USD 16,710 warned that the USD 16,200 fractal low could be tested and broken. However, a new low would create a positive divergence with the RSI, warning we could see a momentum slowdown, meaning we had a note of caution on downside breakouts. We traded to a low of USD 16,075 before moving higher on the divergence, warning resistance levels look vulnerable. If we do trade above USD 17,147, then the probability of the futures trading to a new low will start to decrease. Due to the futures moving higher on the divergence, we remain cautious on moves lower at this point.

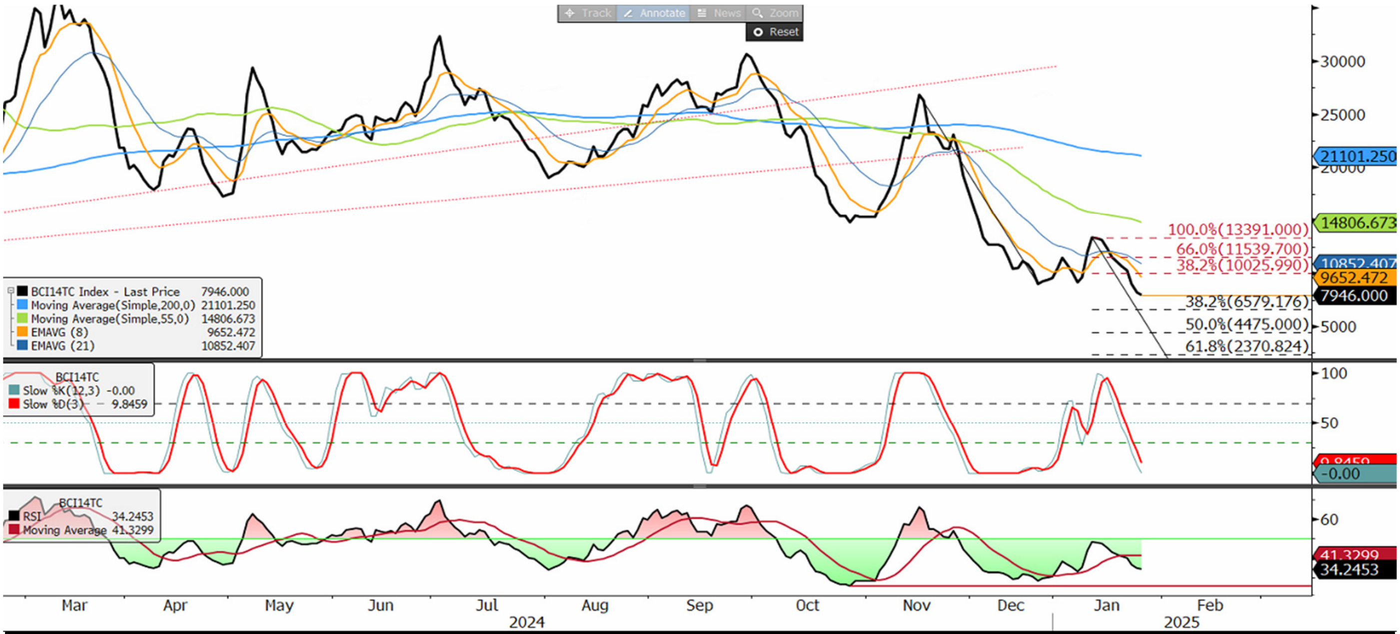
Cal 26

Bearish last week but in divergence, warning sell side momentum could slow down. 1-hour Elliott wave analysis warned that intraday upside moves could be countertrend in the very near-term. The futures are finding bid support on the 1-hour divergence. Lower timeframe Elliott wave analysis continues to suggest that upside moves have the potential to be countertrend. However, with the divergence in play (and the cycle being sub-1hour, making it less reliable), we continue to have a note of caution on downside moves at these levels.

C5 Feb

Bearish last week with upside moves considered as countertrend. The futures are finding bid support due to the positive divergence with the RSI (current price USD 6.60). If we do trade above USD 6.79 then the probability of the futures trading to a new low will start to decrease; likewise, if rejected it will warn that there is the potential for further downside within this move. Due to the futures moving higher on the divergence, we are cautious on downside moves at these levels.

Capesize Index

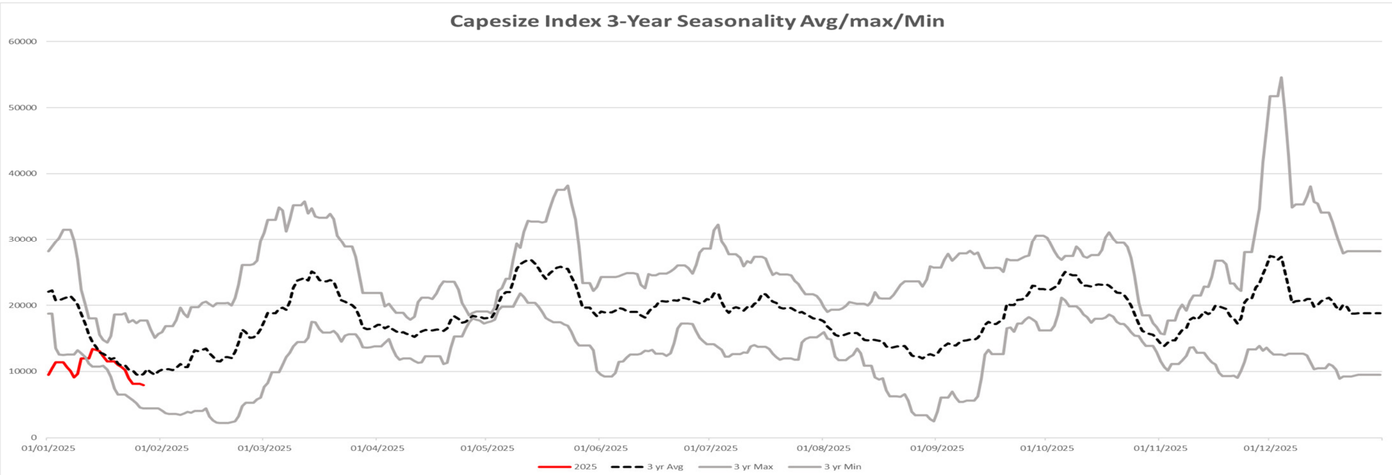


Support		Resistance		Current Price	Bull	Bear
S1	6,579	R1	9,106	7,946	Stochastic oversold	RSI below 50
S2	4,475	R2	9,593			
S3	2,370	R3	10,025			

Source Bloomberg

Synopsis

- Price is below the 8-21 period EMA's
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the weekly pivot point (USD 9,106)
- Technically bearish last week, the MA on the RSI continued to suggest that momentum was supported; countering this, price was below the weekly pivot level (USD 12,167), implying price action remained weak. If the RSI moved below its average, then the USD 9,123 – USD 8,945 fractal support zone could come under pressure; likewise, if the RSI held MA support, market sellers will need to be cautious due to momentum support. We remained cautious downside breakouts below the fractal support zone, as this would create further positive divergences with the RSI, warning sell side momentum could slow. We were a cautious bear due to the divergence at lower levels, alongside the momentum support (MA on the RSI); however, we needed to see price above the weekly pivot level to signal buyside pressure was increasing.
- The index failed to close above the weekly pivot level, resulting in the RSI moving below 50 and price below the fractal support zone. We are below all key moving averages with the RSI below 50.
- Momentum based on price (MBP) is aligned to the sell side, a move above USD 9,593 will mean it is aligned to the buyside. Upside moves that fail at or below USD 11,539 will leave the index vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, Fibonacci projection levels warn that we have the potential to trade as low as USD 2,370 within this phase of the cycle. However, the new low means price is 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. We are cautious on moves lower due to the divergence in play; however, market buyers are going to need to see a close above the weekly pivot level (USD 9,106), to signal buyside pressure is increasing.



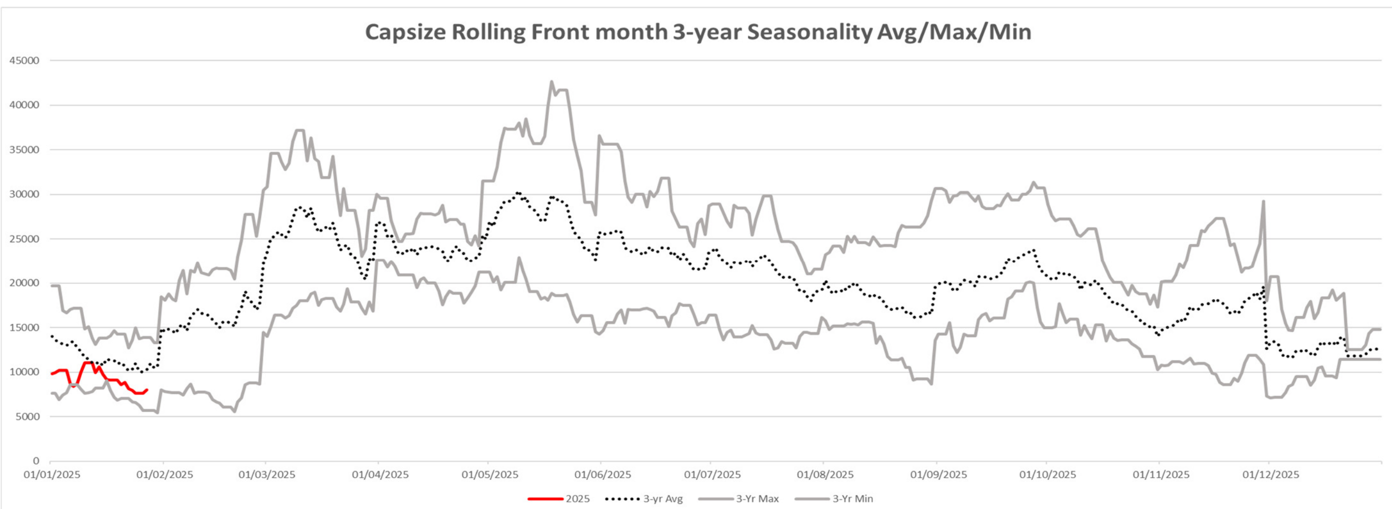
Capesize Feb 25 (1 Month forward)

Support		Resistance		Current Price	Bull	Bear
S1	6,131	R1	9,028	8,025	Stochastic oversold	RSI below 50
S2	4,087	R2	10,140			
S3	2,043	R3	11,500			

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (37)
- Stochastic is oversold
- Technically bearish last week, the MA on the RSI implied that momentum was supported, whilst a move below USD 7,900 would create a positive divergence with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, implying caution on downside breakouts. Upside moves were still considered as countertrend at this point; however, below USD 7,900, it would confirm that we had 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 had completed. Due to the move below USD 9,124, the technical suggested that support levels were vulnerable at this point.
- The futures traded below the USD 7,900 low; however, the move is struggling to hold due to the divergence in play. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 10,140 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are now finding bid support on the back of the positive divergence with the RSI, warning resistance levels are vulnerable. We remain cautious on downside moves at these levels; if we do trade above the USD 10,140 resistance, the probability of the futures trading to a new low will start to decrease.



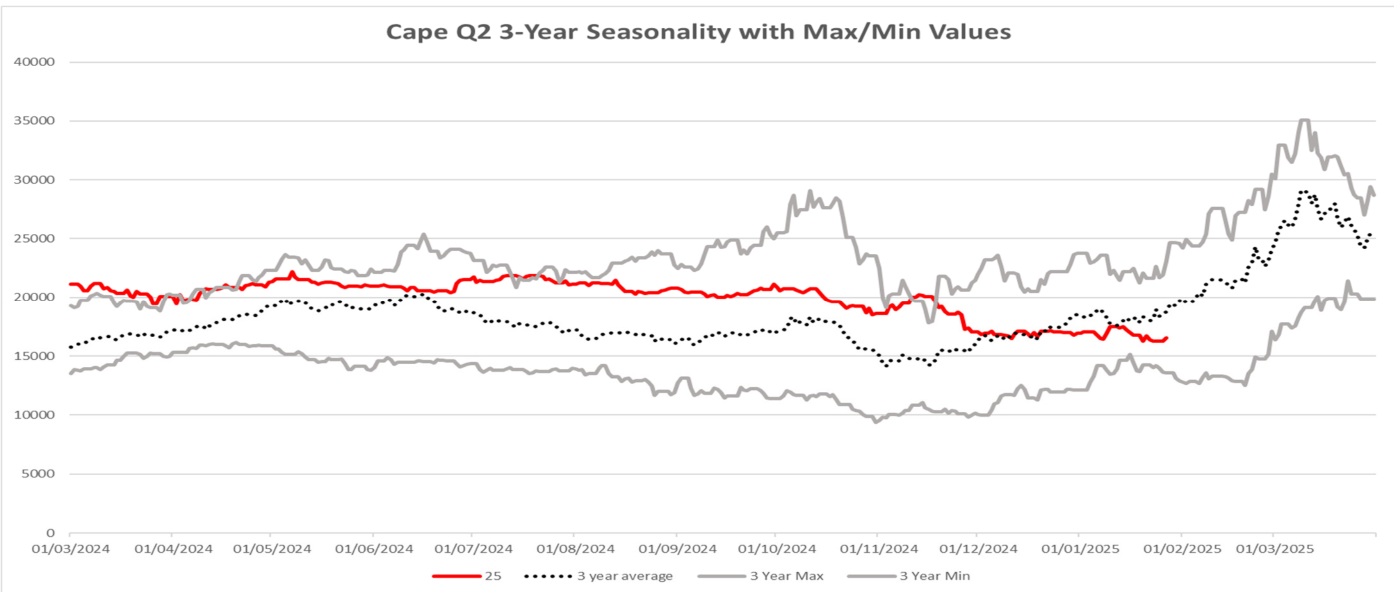
Capesize Q2 25

Support		Resistance		Current Price	Bull	Bear
S1	15,723	R1	16,695	16,600	Stochastic oversold	RSI below 50
S2	15,112	R2	17,147			
S3	14,501	R3	17,700			

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (40)
- Stochastic is above 50
- Technically bullish with a neutral bias last week, the probability of the futures trading above USD 17,700 within this phase of the cycle had started to decrease, due to the move below the USD 16,710 support. The deep pullback warned that the USD 16,200 fractal low could be tested and broken; if it was, then we had the potential to trade as low as USD 14,501 within this phase of the cycle. However, a new low would create a positive divergence with the RSI, warning we could see a momentum slowdown, which needed to be monitored. The technical suggested that we should trade to a new low, but we had a note of caution below USD 16,200 due to the divergence coming into play.
- The futures traded to a low of USD 16,075 before finding light bid support. We are below the 8-21 period EMA's with the RSI below 50.
- Upside moves that fail at or below USD 17,147 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bullish, the futures are moving higher due to the positive divergence in play, warning resistance levels are looking vulnerable. If we do trade above USD 17,147, then the probability of the futures trading to a new low will start to decrease. Due to the futures moving higher on the divergence, we remain cautious on moves lower at this point.



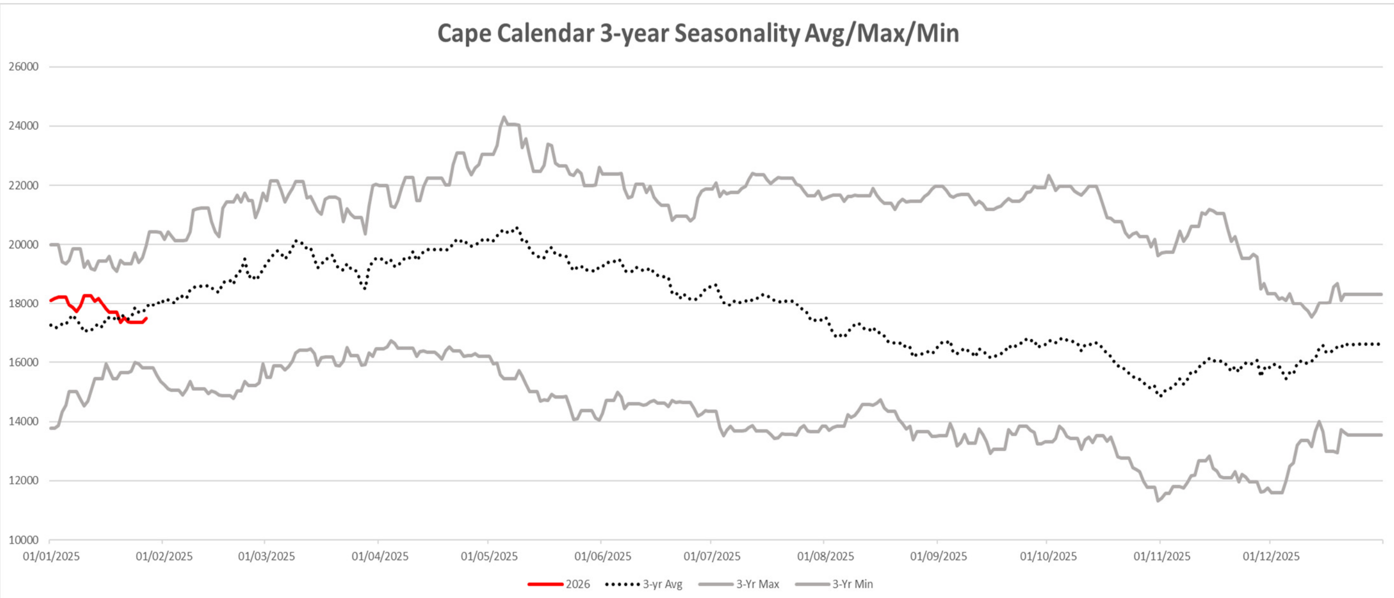
Capesize Cal 26

Support		Resistance		Current Price	Bull	Bear
S1	17,011	R1	17,683	17,450	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 (35)
- Stochastic is oversold
- Technically bearish last week, the new low meant that the futures were in divergence with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. Upside moves that failed at or below USD 18,017 would 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 would start to decrease. 1-hour Elliott wave analysis warned 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 held.
- The futures traded to a low of USD 17,225 before finding light bid support on the positive divergence. We remain below all key moving averages supported by 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 futures are finding bid support on the 1-hour divergence. Lower timeframe Elliott wave analysis continues to suggest that upside moves have the potential to be countertrend. However, with the divergence in play (and the cycle being sub-1hour, making it less reliable), we continue to have a note of caution on downside moves at these levels.



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

Support		Resistance		Close Price	Bull	Bear
S1	5.44	R1	6.60	6.35	Stochastic oversold	RSI below 50
S2	4.94	R2	6.79			
S3	4.44	R3	7.01			

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 (33)
- Stochastic is oversold
- Current price USD 6.60
- Technically bullish last week, the MA on the RSI continued to imply that momentum was supported. As noted last week, our Elliott wave analysis suggested 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.
- The upside moves failed to hold, in line with our Elliott wave analysis, resulting in price trading to a new low. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 6.79 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are finding bid support due to the positive divergence with the RSI (current price USD 6.60). If we do trade above USD 6.79 then the probability of the futures trading to a new low will start to decrease; likewise, if rejected it will warn that there is the potential for further downside within this move. Due to the futures moving higher on the divergence, we are cautious on downside moves at these levels.