FIS

Capesize Technical Report

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Index

The downside move in the index following the clarification on port fees means that the technical is back in bearish territory. We are seeing light bid support but remain below the weekly pivot level (USD 26,066); a close above it will imply that sell side pressure is decreasing, whilst a close that holds above the linear regression line (USD 27,642) will signal buyside pressure is increasing. Conversely, a rejection of the USD 26,066 level, or a close that fails to hold above it, will warn that support levels could come under pressure. Although bearish, the whipsaw in price does mean that the technical is lacking clarity on directional bias at this point.

Nov 25

We remain bearish with a neutral bias with the MA on the RSI implying that momentum is seeing light bid support. As highlighted in the morning technical reports, the Elliott wave cycle is unclear, as we failed to trade above the USD 31,250 fractal high. This suggests that the Elliott wave cycle may have failed, whilst the subsequent move lower has resulted in price producing a bearish island reversal pattern. Countering this, whilst above the USD 26,462 support resistance levels remain vulnerable, below USD 26,462 it will weaken the technical further, warning the USD 24,125 fractal low could come under pressure. Market sellers will need to be cautious above USD 29,425, as the bearish gap (window) will have been closed. Market bulls will need to keep price above the USD 26,462 support.

Q4 25

Technically bullish but in a corrective phase, the MA on the RSI implies that we have light momentum support. Whilst above USD 25,488 resistance levels remain vulnerable; however, price has gapped lower creating and island reversal pattern (bearish) whilst we are in divergence with the RSI, meaning we have a note of caution on higher moves. If we do trade above the USD 29,250 fractal high, it will create further divergences with the RSI, suggesting upside moves will struggle to hold.

Cal 26

Technically bullish, the futures continue to trade within the rising channel. We have seen an upside rejection with price in divergence with the RSI, implying caution on moves higher at this point. Our longer-term Elliott wave cycle continues to suggest that downside moves should in theory be countertrend; however, we are now in Q4 whilst the Q1 futures are in divergence with the RSI, suggesting the lower trend support is starting to look vulnerbale (USD 22,404). A close below this level will weaken the technical further.

C5 Nov 25

Technically bullish but in a corrective phase, the MA on the RSI implies light momentum support. The futures are above the linear regression line (USD 10.26), a close below this level will warn that the USD 10.07 support could come under pressure. If broken, then the probability of the futures trading to a new high will start to decrease Conversely, if we hold above the USD 10.26—USD 10.07 support are, then resistance levels are in theory vulnerbale. The M1 looks like it has seen a 5th wave failure, whilst the Q4 25, Q1 26 and Cal 26 are all in divergence, meaning we are cautious on upside moves at this point.

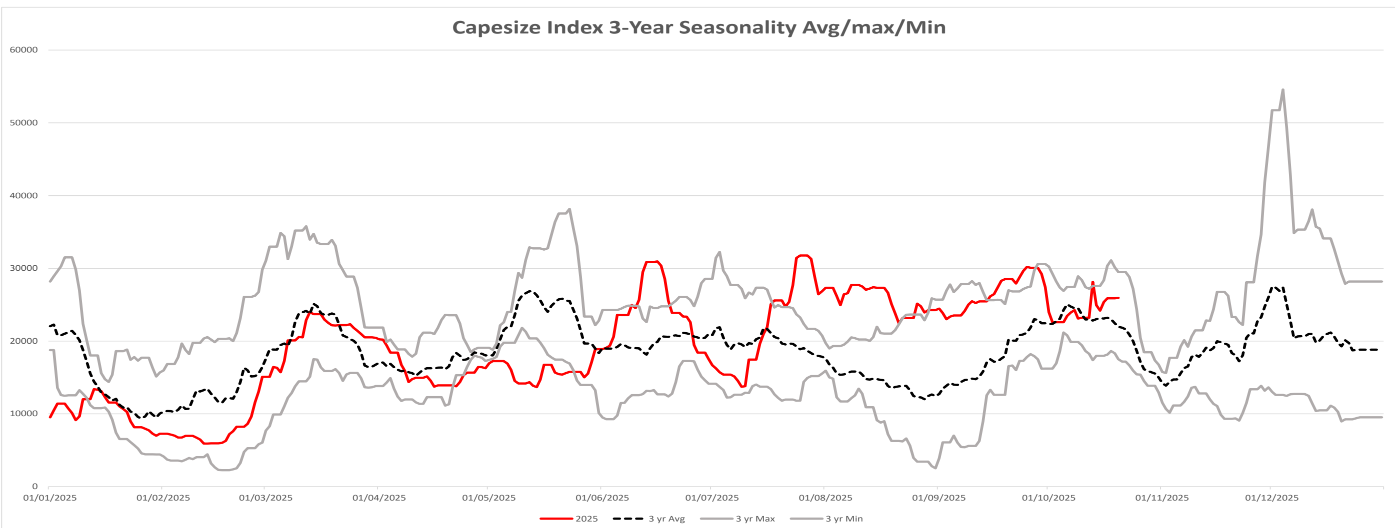
Capesize Index

Support		Resistance		Current Price	Bull	Bear
S1	28,026	R1	30,338	25,944	RSI above 50	
S2	22,735	R2	31,756			
S3	19,848	R3	32,437			

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (51)
- Stochastic is below 50
- Price is below the weekly pivot point (USD 26,066)
- Technically bearish with a neutral bias last week, the probability of the index trading to a new low had started to decrease. The move above USD 27,160 warned that the USD 31,756 fractal resistance could be tested and broken. This move higher had been unpredictable due to the introduction of the port fees in China on US vessels; however, price had taken out key resistance on the back of it, with the index trading on the linear regression line (USD 28,026), if we held above it, then it would imply that resistance levels could be tested and broken.
- A clarification by the Chinese government relating to China built US owned vessels resulted in the index moving lower the following day. The RSI is near-neutral at 51 with price just above the 8-21 period EMA's.
- Momentum based on price is aligned to the buyside, a close below USD 25,518 will mean it is aligned to the sell side. Downside moves that hold at or above USD 19,848 will support a longer-term bull argument.
- The downside move in the index following the clarification on port fees means that the technical is back in bearish territory. We are seeing light bid support but remain below the weekly pivot level (USD 26,066); a close above it will imply that sell side pressure is decreasing, whilst a close that holds above the linear regression line (USD 27,642) will signal buyside pressure is increasing. Conversely, a rejection of the USD 26,066 level, or a close that fails to hold above it, will warn that support levels could come under pressure. Although bearish, the whipsaw in price does mean that the technical is lacking clarity on directional bias at this point.



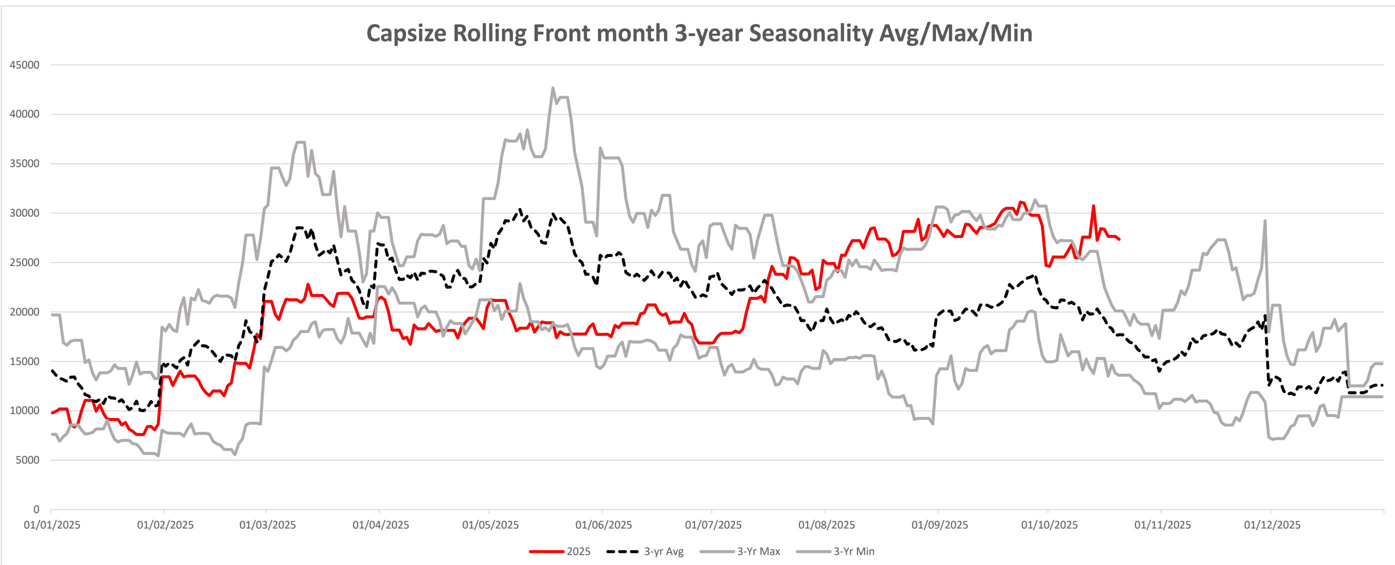
Capesize Nov 25 (1 Month forward)

Support		Resistance		Current Price	Bull	Bear
S1	26,462	R1	31,250	27,350		
S2	23,937	R2	33,168			
S3	21,597	R3	35,962			

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is at 50 (50)
- Stochastic is above 50
- Bearish with a neutral bias last week, the upside move above USD 28,827 meant that the probability of the futures trading to a new low had started to decrease. This indicated that we had entered the higher timeframe bullish Elliott wave 5, warning the USD 31,250 fractal resistance should be tested and broken. If it was, then Fibonacci projection levels suggest that we have a potential upside target at USD 38,756.
- As noted on the index technical, the clarification on US owned Chinese built vessels relating to ports fees on the evening of the 13/10 resulted in the futures selling to a low of USD 26,150, before finding light bid support. Price is between the 8-21 period EMA's with the RSI neutral at 50.
- Downside moves that hold at or above USD 26,462 will support a near-term bull argument, below this level the Elliott wave cycle will be back in bearish territory. Key longer-term support remains at USD 21,597.
- We remain bearish with a neutral bias with the MA on the RSI implying that momentum is seeing light bid support. As highlighted in the morning technical reports, the Elliott wave cycle is unclear, as we failed to trade above the USD 31,250 fractal high. This suggests that the Elliott wave cycle may have failed, whilst the subsequent move lower has resulted in price producing a bearish island reversal pattern. Countering this, whilst above the USD 26,462 support resistance levels remain vulnerable, below USD 26,462 it will weaken the technical further, warning the USD 24,125 fractal low could come under pressure. Market sellers will need to be cautious above USD 29,425, as the bearish gap (window) will have been closed. Market bulls will need to keep price above the USD 26,462 support.



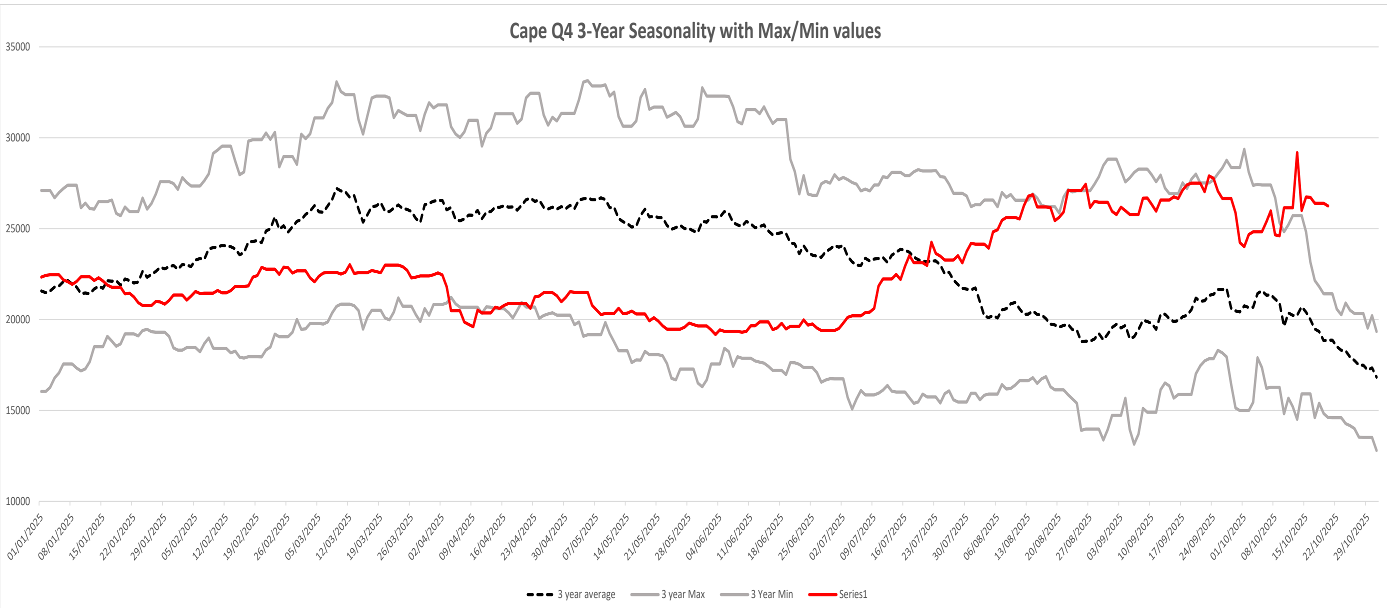
Capesize Q4 25

Support		Resistance		Current Price	Bull	Bear
S1	25,488	R1	28,159	26,250	RSI above 50	
S2	24,769	R2	29,158			
S3	23,550	R3	30,682			

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (51)
- Stochastic is at 50
- Technically bullish last week, the new high meant that the futures were in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown. Countering this, the upside breakout resulted in near-term resistance being broken, indicating downside moves had a higher chance of being countertrend, making USD 25,488 the key support to follow. Below this level, the probability of the futures trading to a new high would start to decrease. A close below the linear regression line (USD 28,100) would warn that support levels could come under pressure in the near-term.
- The futures gapped lower the following day resulting in price closing below the linear regression line (USD 28,159). We are between the 8-21 period EMA's with the RSI near-neutral at 51.
- Downside moves that hold at or above USD 25,488 will support a bull argument, below this level the futures will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI implies that we have light momentum support. Whilst above USD 25,488 resistance levels remain vulnerable; however, price has gapped lower creating and island reversal pattern (bearish) whilst we are in divergence with the RSI, meaning we have a note of caution on higher moves. If we do trade above the USD 29,250 fractal high, it will create further divergences with the RSI, suggesting upside moves will struggle to hold.



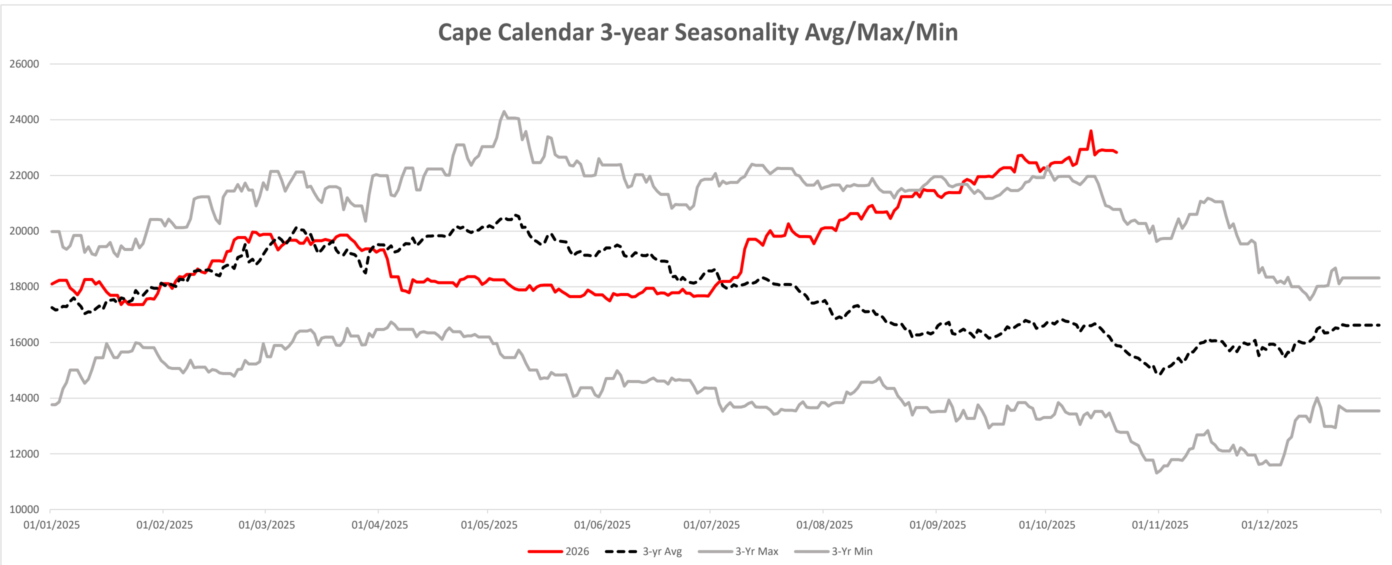
Capesize Cal 26

Support		Resistance		Current Price	Bull	Bear
S1	22,404	R1	23,636	22,850	RSI above 50	
S2	21,760	R2	24,225			
S3	21,241	R3	24,879			

Source Bloomberg

Synopsis

- Price is above the 8-21 period EMA's
- RSI is above 50 (61)
- Stochastic is above 50
- Technically bullish last week, our Elliott wave analysis continued to suggest that downside moves should be considered as countertrend. The upside move to a new high meant that futures were in divergence with the RSI, not a sell signal, it warned that we were seeing a momentum slowdown, which needed to be monitored. Likewise, the rejection of the upper channel resistance would warn of higher timeframe sellers in the market, meaning we could see channel support at USD 22,156 come under pressure in the near-term.
- The futures rejected the upper channel resistance with price selling lower the following day. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 19,524 will support a longer-term bull argument, below this level the longer-term Elliott wave cycle will have a neutral bias.
- Technically bullish, the futures continue to trade within the rising channel. We have seen an upside rejection with price in divergence with the RSI, implying caution on moves higher at this point. Our longer-term Elliott wave cycle continues to suggest that downside moves should in theory be countertrend; however, we are now in Q4 whilst the Q1 futures are in divergence with the RSI, suggesting the lower trend support is starting to look vulnerbale (USD 22,404). A close below this level will weaken the technical further.



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

Support		Resistance		Current Price	Bull	Bear
S1	10.30	R1	11.42	10.475	RSI above 50	
S2	10.07	R2	11.56			
S3	9.37	R3	12.07			

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 above the 8-21 period EMA's
- RSI is above 50 (55)
- Stochastic is above 50
- Technically bullish last week, we noted that momentum indicators will be incorrect due to price trading a lot higher than the close on Friday (current mid-price USD 11.375). However, based on the RSI placement, there was a chance that the futures would be in divergence with the RSI, warning we had the potential to see a momentum slowdown. Although we did not have intraday data, we noted that we would see a bullish cross on the DMI (bottom window) on the close of business, whilst the ADX would be at least at 29, supporting a trending environment, warning downside moves should be considered as countertrend. Key support was at USD 10.05; corrective moves lower that held at or above this level would support a bull argument, below this level the probability of the futures trading to a new high would start to decrease.
- The futures closed at a high of USD 11.23; however, the RSI was divergent, resulting in price selling lower. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 10.05 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI implies light momentum support. The futures are above the linear regression line (USD 10.26), a close below this level will warn that the USD 10.07 support could come under pressure. If broken, then the probability of the futures trading to a new high will start to decrease Conversely, if we hold above the USD 10.26—USD 10.07 support are, then resistance levels are in theory vulnerbale. The M1 looks like it has seen a 5th wave failure, whilst the Q4 25, Q1 26 and Cal 26 are all in divergence, meaning we are cautious on upside moves at this point.