



Capesize Technical Report

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

Index

Technical outlook: Momentum weakness

The index is correcting due to a negative divergence and failed RSI swing high. Although not a sell signal, this is a warning that buy-side momentum is slowing, meaning support levels are becoming vulnerable. Based on momentum, we are currently cautious on upside moves.

June 26

Technical Outlook: Supported

The futures remain supported with intraday Elliott wave analysis suggesting we still have the potential for one more test to the upside. We noted on Friday that a two-day pullback had been followed by a bullish close, warning resistance levels were vulnerable. Price is coming back under pressure; a close below the low of the bullish engulfing candle at USD 37,250 would mean the corrective move was becoming more complex; however, a close below the low of the last dominant bull candle at USD 35,875 would signal an increase in sell-side pressure. Conversely, failure to close below USD 37,250 would mean resistance remains vulnerable. Currently supported, with resistance still considered as vulnerable as we are yet to see a bearish close.

Q3 25

Technical outlook: Supported

The upside move to a new high resulted in the divergences failing on the intraday timeframes, meaning we had bullish momentum confirmation instead. This is a warning that downside moves should be considered as countertrend. The reason we are saying supported is because of the momentum instability on the index means we are more cautious than we would normally be. Throwbacks that hold above USD 30,416 will leave resistance levels vulnerable; below USD 30,416 the probability of the futures achieving new highs will begin to decrease.

Cal 27

Technical Outlook: Supported

The upside move to a new high has been accompanied by the intraday RSI, meaning we have seen bullish momentum confirmation. This suggests that downside moves should be considered as countertrend, providing we hold above the USD 24,342 level. Below USD 24,342 the probability of the futures achieving a new high will begin to decrease. Again, supported due to the momentum weakness on the index.

C5 June 26

Technical outlook: Bullish support

RSI velocity is bullish but acceleration is negative, indicating buy-side momentum is currently slowing. However, the ADX is at 57 implying we remain in a stable bullish trending environment, providing throwbacks do not breach the USD 12.61 support. Below USD 12.61 the probability of the futures trading to a new high will begin to decrease.

Capesize Index



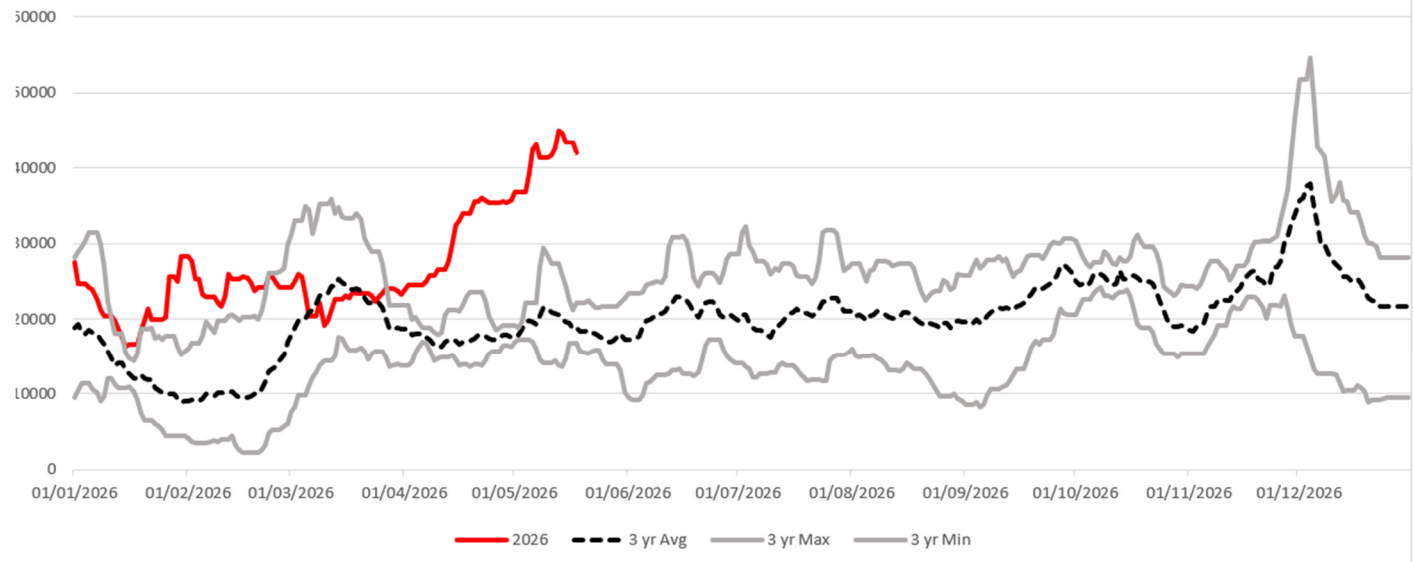
	Support	Resistance	Current Price	Bull	Bear
S1	35,326	R1	44,672	RSI above 50	Stochastic overbought
S2	32,224	R2	47,543		
S3	28,066	R3	52,352		

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (67)
- Stochastic is overbought
- Price is below the weekly pivot point (USD 43,324)
- Technical outlook Previously: Supported
- The index had entered a small corrective phase last week; however, we could see that the RSI was selling lower faster than price, implying there was an under lying support in the market. For this reason, we were cautious on corrective moves lower, as momentum suggested that the USD 44,672 resistance was currently vulnerable.
- The index traded to a high of USD 44,930 before entering a corrective phase. We are between the 8-21 period EMA's with the RSI above 50
- Momentum based on price is aligned to the sell side, a close above USD 43,502 would mean it is aligned to the buyside. Downside moves that hold at or above USD 28,066 will support a bull argument, below this level the technical will re-enter bearish territory.
- Technical outlook: Momentum weakness
- The index is correcting due to a negative divergence and failed RSI swing high. Although not a sell signal, this is a warning that buyside momentum is slowing, meaning support levels are becoming vulnerable. Based on momentum, we are currently cautious on upside moves.

Capesize Index 3-Year Seasonality Avg/max/Min



Capesize June 26



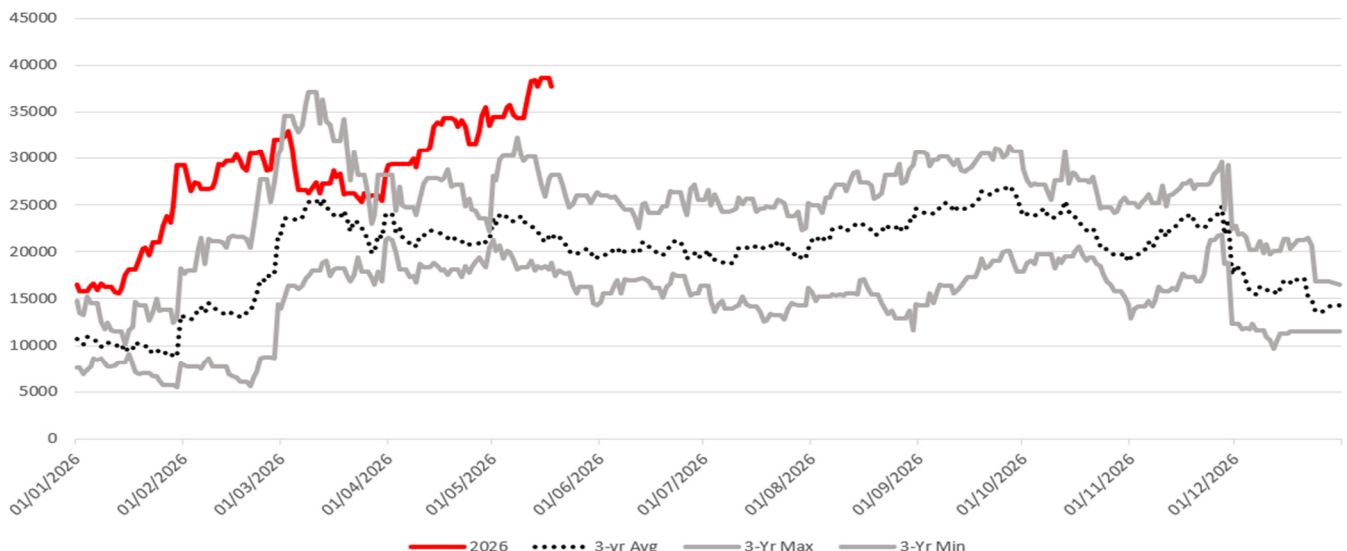
	Support	Resistance	Current Price	Bull	Bear
S1	33,376	R1	37,500	RSI above 50	Stochastic overbought
S2	31,562	R2			
S3	29,102	R3			

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (61)
- Stochastic is overbought
- Technical Outlook Previously: Downside moves considered as countertrend.
- Momentum conflict
- The upside move to a high of USD 36,750 previously meant that the RSI was in divergence with price, warning buyside momentum could slow; however, we were currently finding bid support off a positive reversal pattern, suggesting the USD 36,750 fractal high would be tested and broken in the near-term. For upside continuation, the RSI was going to need to print new highs to avoid further negative divergences.
- The futures traded to a high of USD 39,250 before seeing a small pullback. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 29,102 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Supported
- The futures remain supported with intraday Elliott wave analysis suggesting we still have the potential for one more test to the upside. We noted on Friday that a two day pullback had been followed by a bullish close, warning resistance levels were vulnerable. Price is coming back under pressure; a close below the low of the bullish engulfing candle at USD 37,250 would that the corrective move was becoming more complex; however, a close below the low of the last dominant bull candle at USD 35,875 would signal an increase in sell side pressure. Conversely, failure to close below USD 37,250 would mean resistance remains vulnerable. Currently supported, with resistance still considered as vulnerable as we are yet to see a bearish close.

Capesize Rolling Front month 3-year Seasonality Avg/Max/Min



Capesize Q3 26



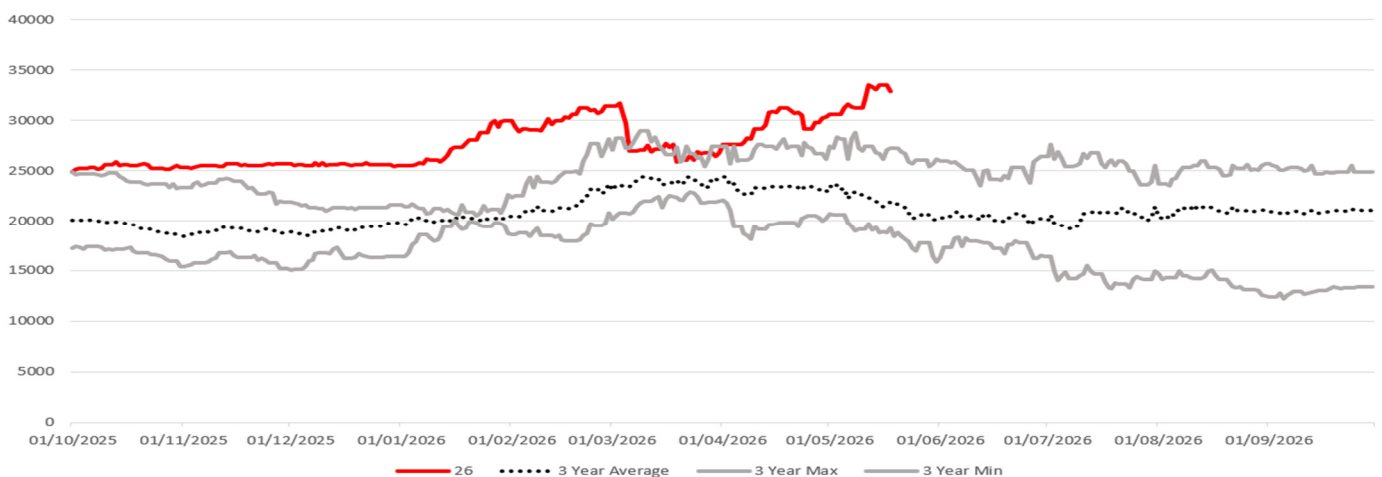
	Support	Resistance	Current Price	Bull	Bear
S1	31,778	R1	33,996	RSI above 50	Stochastic overbought
S2	30,416	R2	35,425		
S3	28,750	R3	37,227		

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (65)
- Stochastic is overbought
- Technical outlook Previously: Caution on upside breakouts above USD 32,250
- We noted last week that the corrective move lower had found bid support off the 8-period EMA, suggesting the futures would trade above the 32,250 resistance (it is only 200 bucks away). However, a new high breakout would create an intraday divergence with the RSI on the 4-and-1-hour timeframes, suggesting caution was warranted above this level. Throwbacks that held above 29,940 would support a bull argument; however, if broken, the probability of price trading to a new high within this phase of the cycle would begin to decrease.
- The futures traded to a high of USD 33,650 before entering a corrective phase. Price is above the 8-21 period EMA's with the RSI above 50.
- Downside moves that hold at or above USD 30,416 will support a longer-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Supported
- The upside move to a new high resulted in the divergences failing on the intraday timeframes, meaning we had bullish momentum confirmation instead. This is warning that downside moves should be considered as countertrend. The reason we are saying supported is because of the momentum instability on the index means we are more cautious than we would normally be. Throwbacks that hold above USD 30,416 will leave resistance levels vulnerable; below USD 30,416 the probability of the futures achieving new highs will begin to decrease.

Cape Q3 3-Year Seasonality with Max/Min Values



Capesize Cal 27



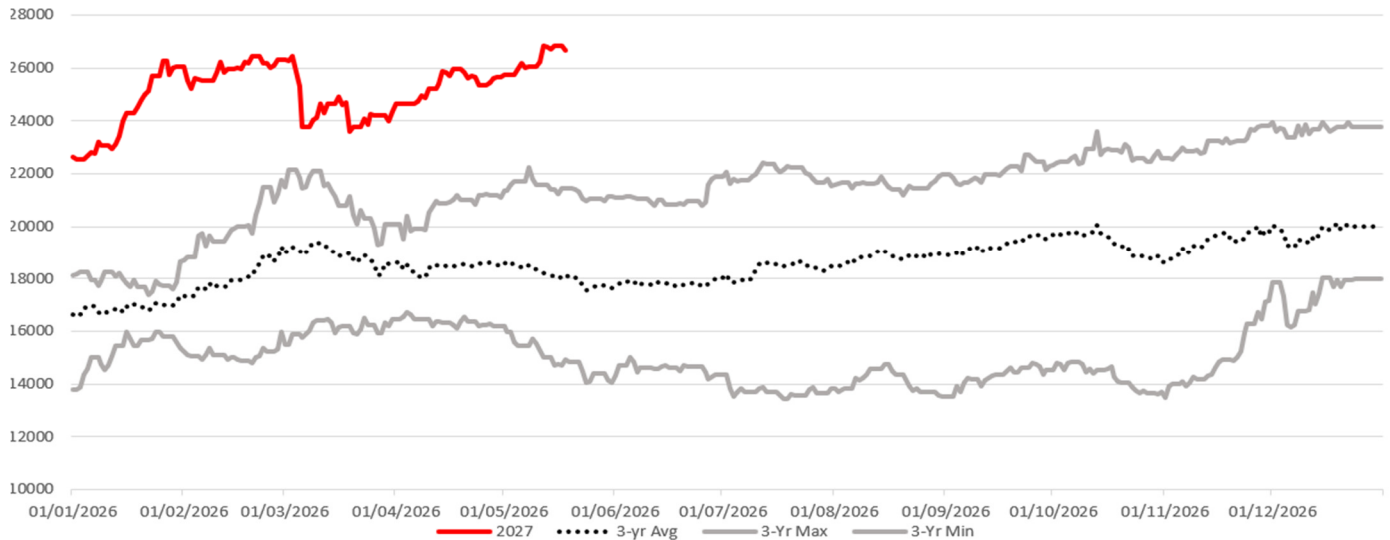
Support	Resistance	Current Price	Bull	Bear
S1	R1	26,650	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (61)
- Stochastic is overbought
- Technical Outlook last week: Downside moves considered as countertrend.
- We noted last week that as price had not traded above the USD 26,550 fractal high, it suggested that downside moves should be considered as countertrend, this was based on bullish momentum confirmation from two weeks previous. We highlighted that market bulls should be cautious on a move below USD 25,125, as it would signal an increase in sell side pressure, warning the USD 26,550 high might not be achieved.
- The futures have now traded to a new high with price remaining supported. We are above all key moving averages with the RSI above 50.
- Downside moves that hold at or above USD 24,324 will support a bull argument, below this level will the technical will have a neutral bias.
- Technical Outlook: Supported
- The upside move to a new high has been accompanied by the intraday RSI, meaning we have seen bullish momentum confirmation. This suggests that downside moves should be considered as countertrend, providing we hold above the USD 24,342 level. Below USD 24,342 the probability of the futures achieving a new high will begin to decrease. Again, supported due to the momentum weakness on the index.

Cape Calendar 3-year Seasonality Avg/Max/Min



Capesize C5 June 26 (Heikin Ashi Chart)



	Support	Resistance	Current Price	Bull	Bear
S1	13.40	R1	14.48	RSI above 50	Stochastic overbought
S2	12.61	R2	15.15		
S3	11.64	R3	16.11		

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 (65)
- Stochastic is overbought
- Technical outlook Previously: Bullish support
- The RSI was above 50 and moving sideways last week, implying positive velocity and stable acceleration. Short-and-medium-term moving averages were sloping higher, supporting a stable trending environment, as was a rising ADX at 54. The USD 15.15 resistance remained vulnerable, with momentum suggesting downside moves should be considered as countertrend.
- The futures traded to a high of USD 14.50 before entering a corrective phase. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 12.61 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish support
- RSI velocity is bullish but acceleration is negative, indicating buyside momentum is currently slowing. However, the ADX is at 57 implying we remain in a stable bullish trending environment, providing throwbacks do not breach the USD 12.61 support. Below USD 12.61 the probability of the futures trading to a new high will begin to decrease.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com