



Capesize Technical Report

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

Index

The upside move to a new high has resulted price and the RSI diverging, warning buy side momentum could slow down; this divergence is also in play on the slow stochastic. Although bullish based on price, the momentum slowdown suggests that price is vulnerable to a corrective move lower.

July 26

The depth of the pullback on the intraday Elliott wave cycle warns that upside moves have the potential to be countertrend in the near-term. However, as highlighted in the intraday technical, gaps on rolls can produce a degree of uncertainty, as the technical is vulnerable to missing waves. The pullback has resulted in price testing the 55-period EMA at USD 33,566. If we hold above it, then we could look to test our key resistance at USD 39,032. A rejection at or below this level would suggest that price is vulnerable to another corrective move lower; Conversely, if breached, then the probability of the futures trading to a new low will begin to decrease. For downside continuation price will need to close and hold below the 55-period EMA, until we do, we have a note of caution on lower moves.

Q3 26

Price remains supported; however, the upside move has failed to trade above the USD 32,650 fractal high. In theory, the upside resistance levels remains vulnerable. The alternative is known as truncation, this would be where the lower timeframe Elliott wave cycle has failed to trade above the peak of the wave 3 (USD 32,650). The RSI has moved below 60 but price remains above the near-term fractal support at USD 31,950; A move below this level will create a failed swing high, warning sell side pressure is on the increase. This technical is currently in balance.

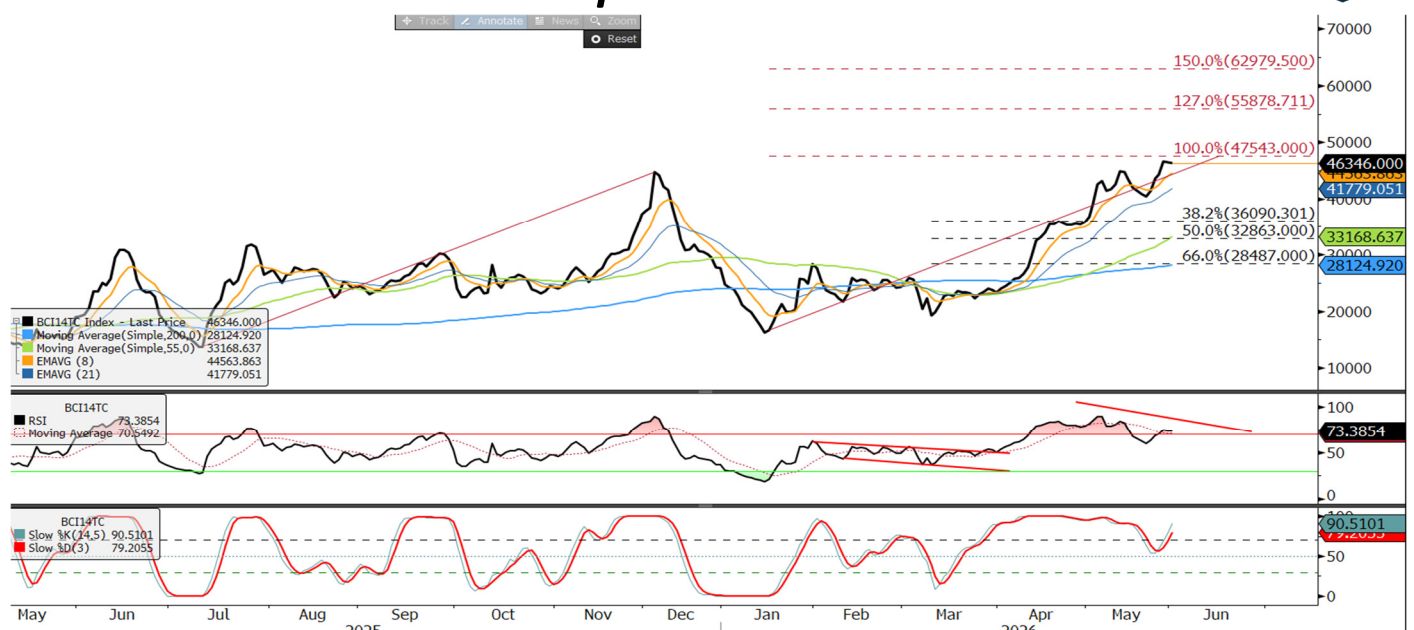
Cal 27

Price is consolidating between USD 26,200 and USD 26,900, near-term price action is considered as neutral. In theory, the momentum confirmation previously would suggest that the USD 26,900 fractal high could be tested and broken; if it is, we have the potential to test the USD 27,501 resistance. Conversely, a close and hold below USD 26,200 will signal a weakening technical structure.

C5 July 26

The roll into July means price and the RSI have made new lows, signaling bearish momentum confirmation; however, the RSI low is distorted by the gap lower, leave the technical vulnerable to false reading. Price is the lead indicator, the gap down means we are below the 21-period EMA for the first time since January, indicating that the 55-period EMA at USD 13.07 is becoming vulnerable. With the gap down distorting momentum the focus is on the medium-term EMA; corrections that hold the average, and close back above the 21-period EMA at USD 14.02 will signal trend continuation. Conversely, market bulls should be cautious on a close and hold below 13.07, as it will warn we are looking at a more sustained corrective phase.

Capesize Index

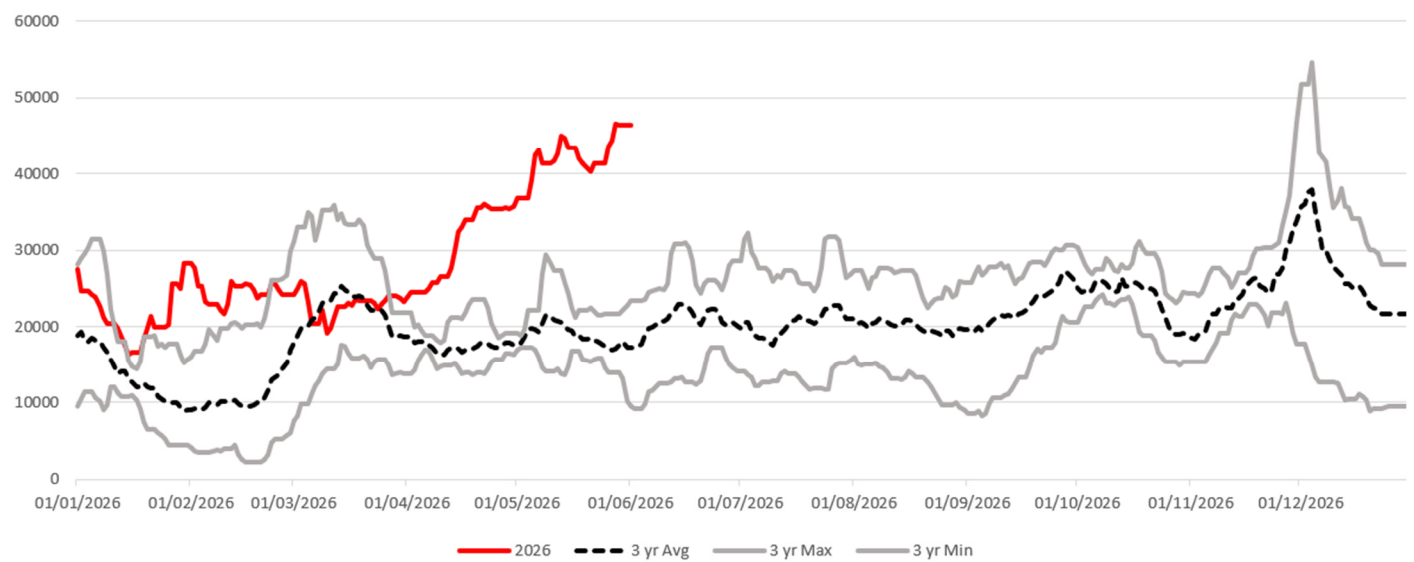


	Support	Resistance	Current Price	Bull	Bear
S1	40,335	R1	47,543	RSI above 50	Stochastic overbought
S2	36,090	R2	52,352		
S3	32,863	R3	62,979		

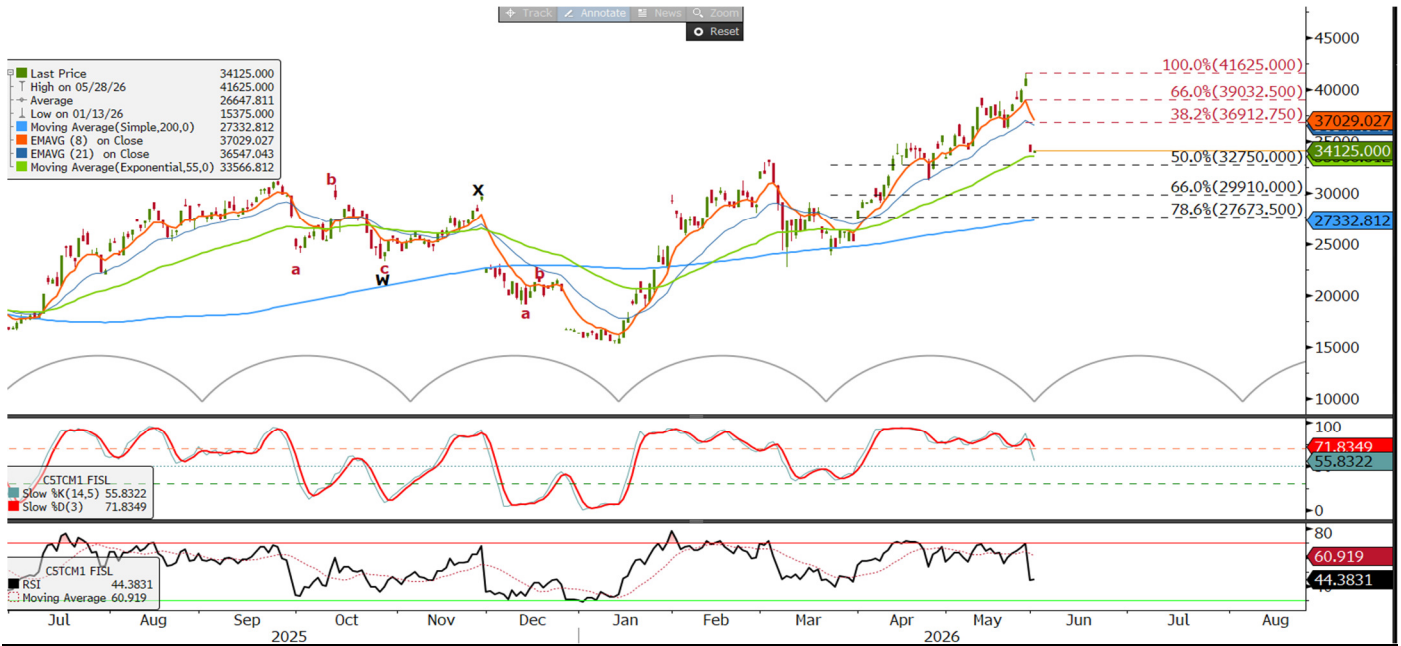
Synopsis Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (73)
- Stochastic is overbought
- Price is above the weekly pivot point (USD 45,517)
- Technical outlook Previously: Momentum weakness
- The index was correcting previously due to a negative divergence and failed RSI swing high. Although not a sell signal, this was a warning that buy-side momentum was slowing, meaning support levels were becoming vulnerable. Based on momentum, we are cautious on upside moves.
- Having traded to a low of USD 40,335 the index has since traded to new highs. We are above all key moving averages supported by the RSI above 50.
- Momentum based on price is aligned to the buy side, a close above USD 45,839 would mean it is aligned to the sell side. Downside moves that hold at or above USD 28,487 will support a bull argument, below this level the technical will re-enter bearish territory.
- Technical outlook: Negative divergence in play
- The upside move to a new high has resulted price and the RSI diverging, warning buy side momentum could slow down; this divergence is also in play on the slow stochastic. Although bullish based on price, the momentum slowdown suggests that price is vulnerable to a corrective move lower.

Capesize Index 3-Year Seasonality Avg/max/Min



Capesize July 26



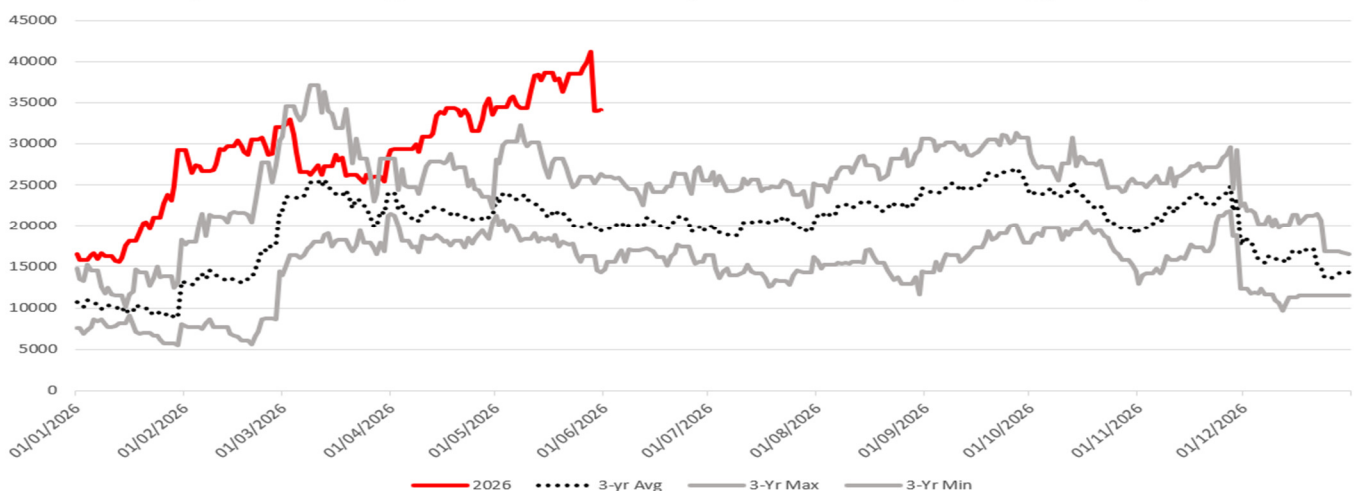
	Support	Resistance	Current Price	Bull	Bear
S1	32,750	R1	34,125		Stochastic overbought
S2	29,910	R2			
S3	27,673	R3			

Synopsis

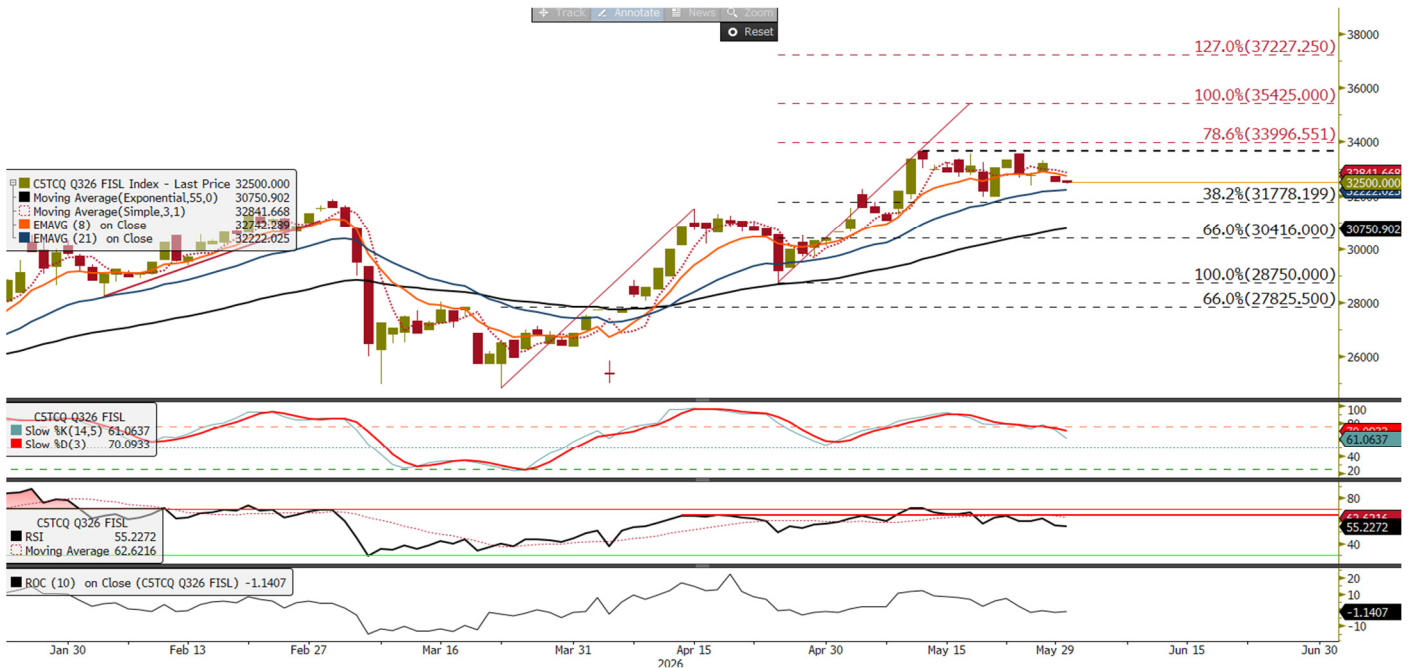
Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is below 50 (44)
- Stochastic is overbought
- Technical Outlook Previously: Supported
- The futures remained supported previously with intraday Elliott wave analysis suggesting we still have the potential for one more test to the upside. We noted that a two day pullback had been followed by a bullish close, warning resistance levels were vulnerable. Price was coming back under pressure; a close below the low of the bullish engulfing candle at USD 37,250 would warn 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 remained vulnerable. Currently supported, with resistance still considered as vulnerable as we are yet to see a bearish close.
- The futures closed below the USD 37,250 resulting in price selling to a low of USD 36,250, meaning we failed to produce a bearish close below the USD 35,875 level. The subsequent upside move resulted in price trading to a new high before the move lower on the roll into July. We are below the 8-21 period EMA's supported by the RSI below 50
- Downside moves that hold at or above USD 29,910 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Holding the 55 EMA support
- The depth of the pullback on the intraday Elliott wave cycle warns that upside moves have the potential to be countertrend in the near-term. However, as highlighted in the intraday technical, gaps on rolls can produce a degree of uncertainty, as the technical is vulnerable to missing waves. The pullback has resulted in price testing the 55-period EMA at USD 33,566. If we hold above it, then we could look to test our key resistance at USD 39,032. A rejection at or below this level would suggest that price is vulnerable to another corrective move lower; Conversely, if breached, then the probability of the futures trading to a new low will begin to decrease. For downside continuation price will need to close and hold below the 55-period EMA, until we do, we have a note of caution on lower moves.

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



Capesize Q3 26



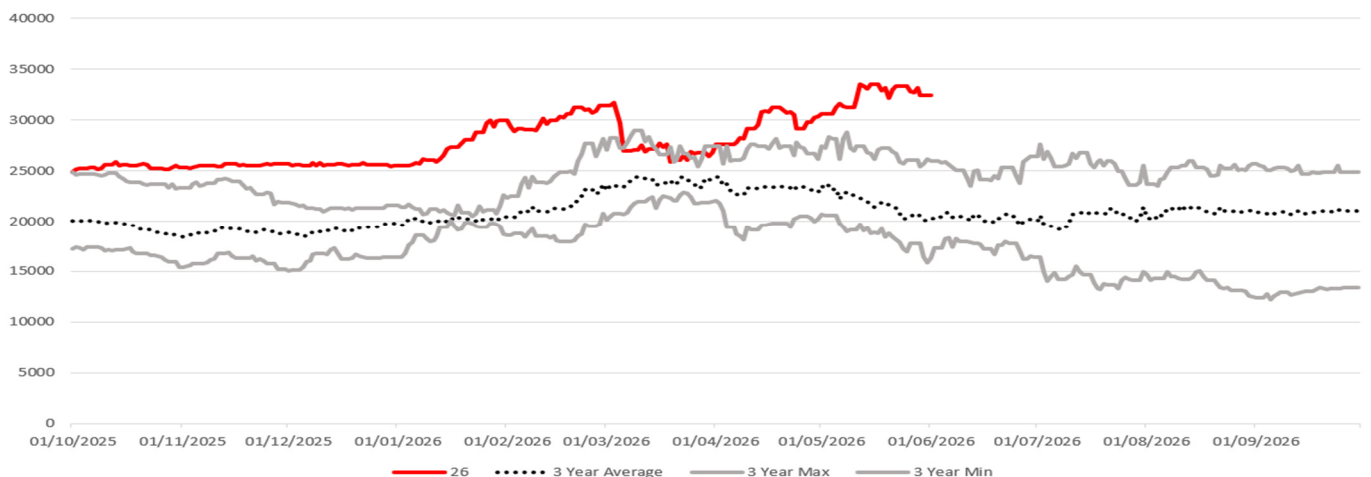
	Support	Resistance	Current Price	Bull	Bear
S1	31,778	R1	32,500	RSI above 50	
S2	30,416	R2			
S3	28,750	R3			

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (55)
- Stochastic is above 50
- Technical outlook Previously: Supported
- The upside move to a new high previously had resulted in the divergences failing on the intraday timeframes, meaning we had bullish momentum confirmation instead. This warned that downside moves should be considered as countertrend. The reason we were saying supported is because of the momentum instability on the index meant that we were more cautious than we would normally be. Throwbacks that held above USD 30,416 will leave resistance levels vulnerable; below USD 30,416 the probability of the futures achieving new highs would begin to decrease.
- The futures traded to a high of USD 33,550 before entering a small corrective phase. Price is between 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
- Price remains supported; however, the upside move has failed to trade above the USD 32,650 fractal high. In theory, the upside resistance levels remains vulnerable. The alternative is known as truncation, this would be where the lower timeframe Elliott wave cycle has failed to trade above the peak of the wave 3 (USD 32,650). The RSI has moved below 60 but price remains above the near-term fractal support at USD 31,950; A move below this level will create a failed swing high, warning sell side pressure is on the increase. This technical is currently in balance.

Cape Q3 3-Year Seasonality with Max/Min Values



Capesize Cal 27



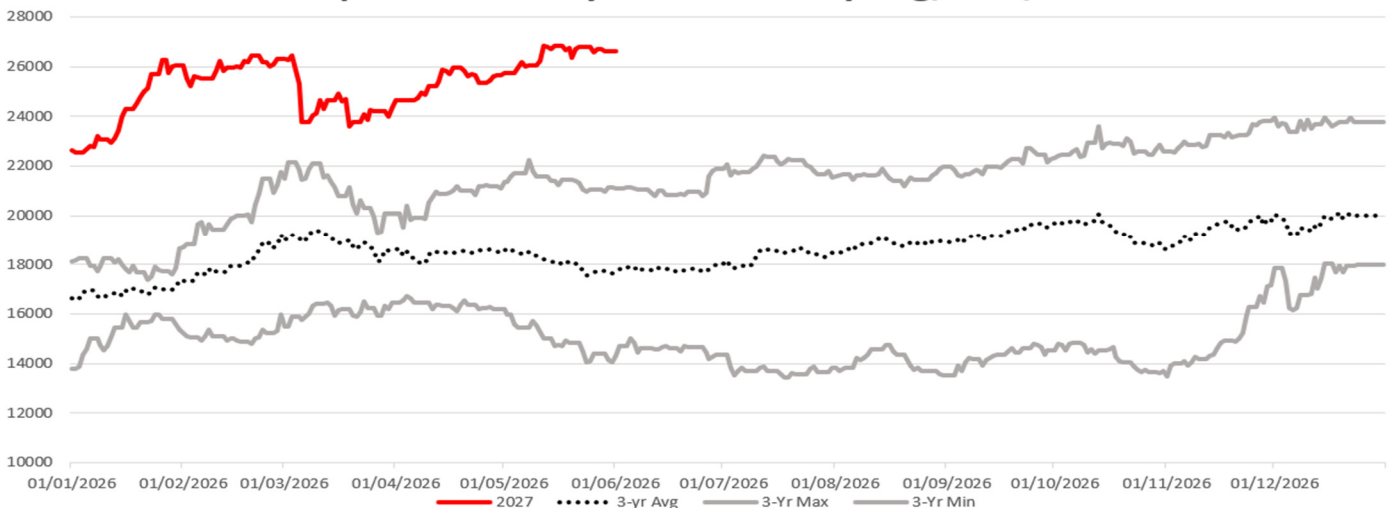
	Support	Resistance	Current Price	Bull	Bear
S1	25,419	R1	26,625	RSI above 50	Stochastic overbought
S2	24,962	R2			
S3	24,342	R3			

Synopsis

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (57)
- Stochastic is overbought
- Technical Outlook last week: Supported
- We noted previously that the upside move to a new high had been accompanied by the intraday RSI, meaning we had seen bullish momentum confirmation. This suggested that downside moves should be considered as countertrend, providing we held 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.
- The futures have entered a consolidation phase. We are above all key moving average supported by 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
- Price is consolidating between USD 26,200 and USD 26,900, near-term price action is considered as neutral. In theory, the momentum confirmation previously would suggest that the USD 26,900 fractal high could be tested and broken; if it is, we have the potential to test the USD 27,501 resistance. Conversely, a close and bold below USD 26,200 will signal a weakening technical structure.

Cape Calendar 3-year Seasonality Avg/Max/Min



Capesize C5 July 26 (Heikin Ashi Chart)



	Support	Resistance	Current Price	Bull	Bear
S1	13.07	R1	14.48	RSI above 50	Stochastic overbought
S2	12.75	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 below the 8-21 period EMA's
- RSI is below 50 (43)
- Stochastic is overbought
- Technical outlook Previously: Bullish support
- RSI velocity was bullish but acceleration is negative on the previous report, indicating buy-side momentum was slowing. However, the ADX at 57 implied that we remained in a stable bullish trending environment, providing throwbacks did not breach the USD 12.61 support. Below USD 12.61 the probability of the futures trading to a new high would begin to decrease.
- The futures have entered a corrective phase on the roll into July. Price is below the 8-21 period EMA's supported by the RSI below 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: Weakening price and momentum
- The roll into July means price and the RSI have made new lows, signaling bearish momentum confirmation; however, the RSI low is distorted by the gap lower, leave the technical vulnerable to false reading. Price is the lead indicator, the gap down means we are below the 21-period EMA for the first time since January, indicating that the 55-period EMA at USD 13.07 is becoming vulnerable. With the gap down distorting momentum the focus is on the medium term EMA; corrections that hold the average, and close back above the 21-period EMA at USD 14.02 will signal trend continuation. Conversely, market bulls should be cautious on a close and hold below 13.07, as it will warn we are looking at a more sustained corrective phase.

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