



Capesize Technical Report

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Index

Technical outlook: Sell side pressure increasing

Price is moving lower on the negative divergence highlighted previously. We now have a failed swing high on both the stochastic and the RSI, while the RSI is also showing bearish momentum confirmation, negative velocity and negative acceleration. Momentum is signaling an increase in sell side pressure; warning upside moves have the potential to be countertrend in the near-term.

July 27

Technical Outlook: Cautious on upside moves

The futures continue to sell lower with the close and hold below the 55-period EMA signaling sell side pressure is on the increase. Although we lack clarity on the corrective phase of the wave cycle due to the futures roll, we will be working on the bases that the bearish momentum confirmation is warning that upside moves should be considered as countertrend in the near-term. Key support is at USD 29.167, throwbacks that breach this level will neutralize the larger bullish Elliott wave cycle.

Q3 27

Technical outlook: Sell side pressure is increasing

The failed swing high has resulted in what looks to be a downside breakout from a symmetrical candle. The RSI has negative velocity and negative acceleration, warning support levels are vulnerable. However, price is currently testing the 55-period EMA at USD 30,960; for downside continuation, we will need to close and hold below the average. Throwbacks that hold at or above USD 30,416 will signal underlying support in the market; if broken, then the probability of price trading to a new high will begin to decrease, implying a larger corrective cycle is in play. The weakening momentum warns that the USD 30,416 support is vulnerable.

Cal 27

Technical Outlook: weakening

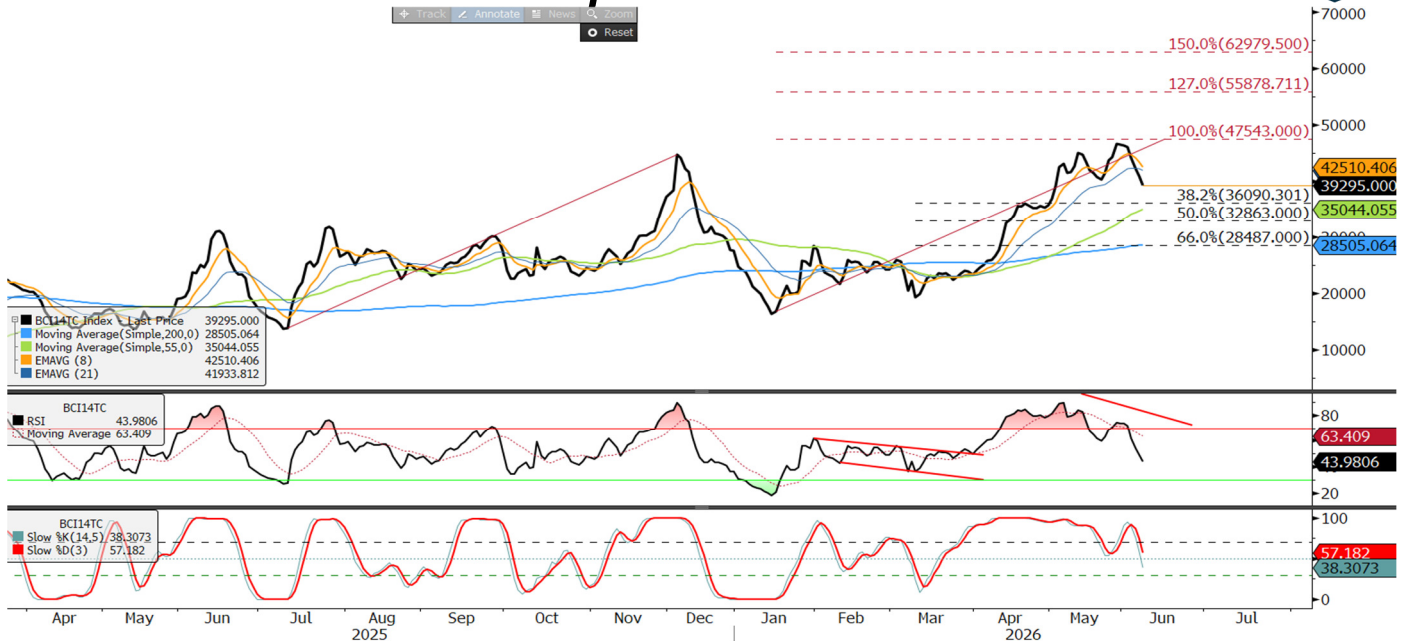
We have labelled the technical as weakening as the RSI is below 50, signaling velocity is negative. However, price remains in the consolidation range highlighted previously; for downside continuation we will need to see a close and hold below the USD 26,200 level. Until we do, price is technically neutral.

C5 July 27

Technical outlook: Sell side pressure increasing.

The corrective move below the USD 12.64 support means that the probability of the futures trading to a new high has started to decrease, indicating sell side pressure is on the increase. The RSI has negative velocity and acceleration, warning support levels are vulnerable. Market sellers should be cautious on a close back above the 55-period EMA at USD 13.05, as it will warn that buy-side support is entering the market.

Capesize Index

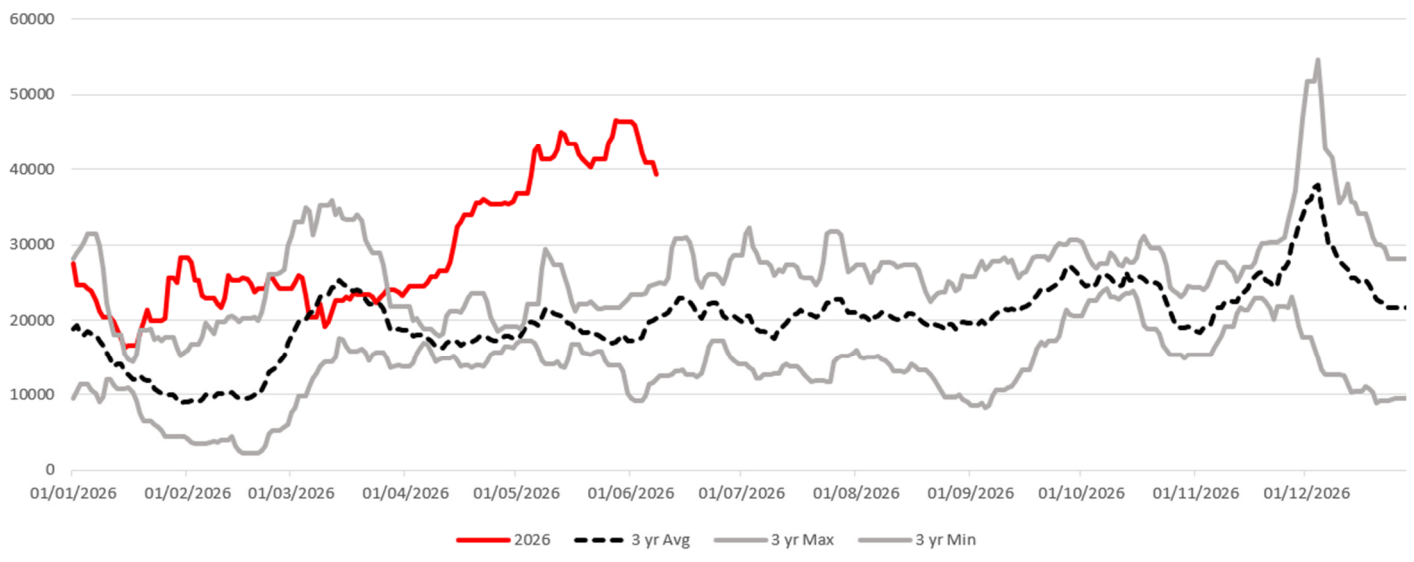


	Support	Resistance	Current Price	Bull	Bear
S1	36,090	R1	42,696		
S2	32,863	R2	47,543		RSI below 50
S3	28,487	R3	52,352		

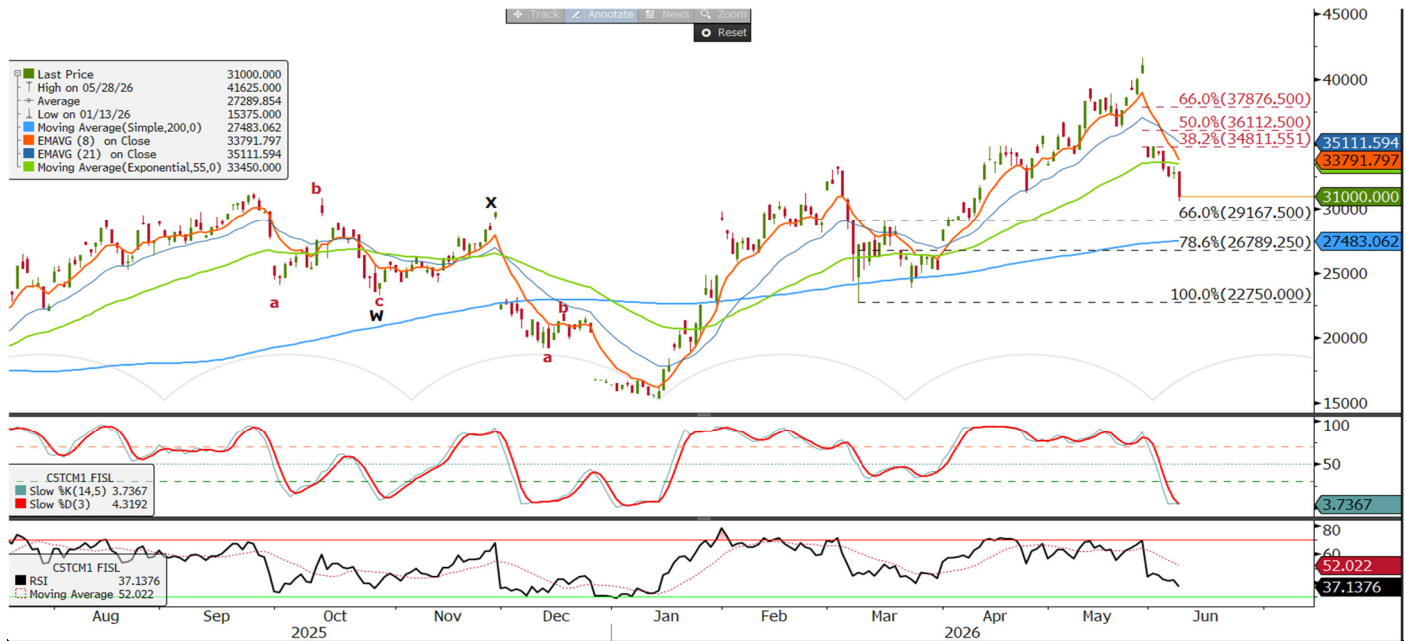
Synopsis Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (43)
- Stochastic is above 50
- Price is below the weekly pivot point (USD 42,696)
- Technical outlook Previously: Negative divergence in play
- We noted last week that the upside move to a new high had resulted in price and the RSI diverging, warning buy side momentum could slow down; this divergence was also in play on the slow stochastic. Although bullish based on price, the momentum slowdown suggested that price is vulnerable to a corrective move lower.
- The index has entered a corrective phase, we are below the 8-21 period EMA's with the RSI below 50
- Momentum based on price is aligned to the sell side, a close above USD 41,745 would mean it is aligned to the buyside. 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: Sell side pressure increasing
- Price is moving lower on the negative divergence highlighted previously. We now have a failed swing high on both the stochastic and the RSI, while the RSI is also showing bearish momentum confirmation, negative velocity and negative acceleration. Momentum is signaling an increase in sell side pressure, warning upside moves have the potential to be countertrend in the near-term.

Capesize Index 3-Year Seasonality Avg/max/Min



Capesize July 26



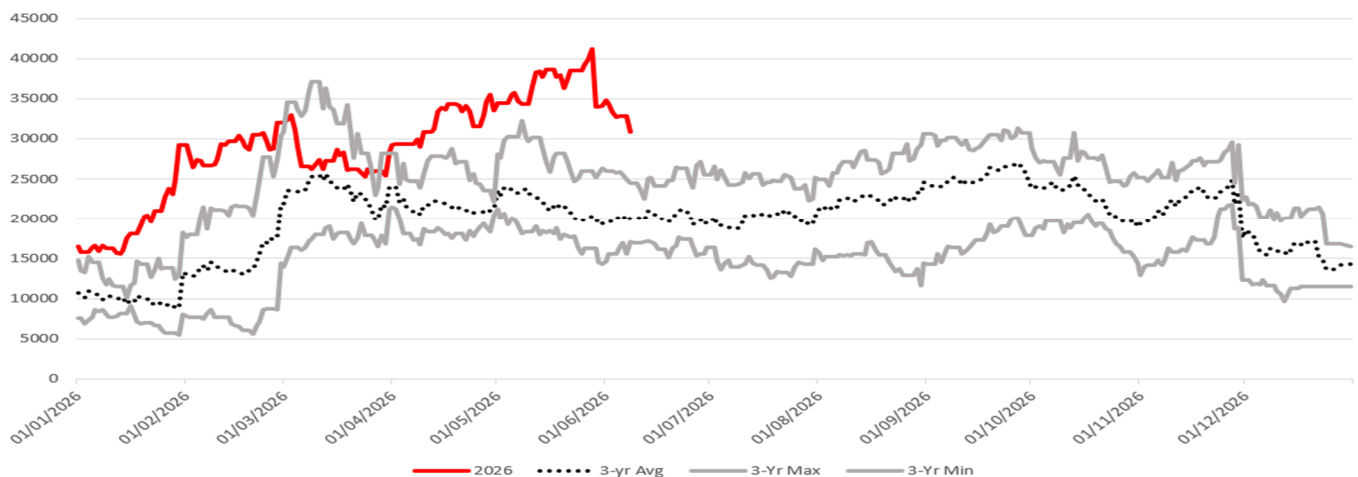
	Support	Resistance	Current Price	Bull	Bear
S1	29,167	R1	34,811	Stochastic oversold	RSI below 50
S2	26,789	R2	36,112		
S3	22,750	R3	37,876		

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (37)
- Stochastic is oversold
- Technical Outlook Previously: Holding the 55 EMA support
- The depth of the pullback on the intraday Elliott wave cycle last week warned that upside moves had the potential to be countertrend in the near-term. However, as highlighted in the intraday technical, gaps on rolls could produce a degree of uncertainty, as the technical was vulnerable to missing waves. The pullback had resulted in price testing the 55-period EMA at USD 33,566. If we held 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 would begin to decrease. For downside continuation price would need to close and hold below the 55-period EMA, until we did, we have a note of caution on lower moves.
- The futures closed below the 55-period EMA on the 03/06, resulting in price selling lower. We are below all key moving averages with the RSI below 50.
- Downside moves that hold at or above USD 29,167 will support a bull argument, below this level the technical will have a neutral bias. Note: Fibonacci support has been revised lower, in line with the USD 22,750 low from the 9th March.
- Technical Outlook: Cautious on upside moves
- The futures continue to sell lower with the close and hold below the 55-period EMA signaling sell side pressure is on the increase. Although we lack clarity on the corrective phase of the wave cycle due to the futures roll, we will be working on the bases that the bearish momentum confirmation is warning that upside moves should be considered as countertrend in the near-term. Key support is at USD 29,167, throwbacks that breach this level will neutralize the larger bullish Elliott wave cycle.

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



Capesize Q3 26



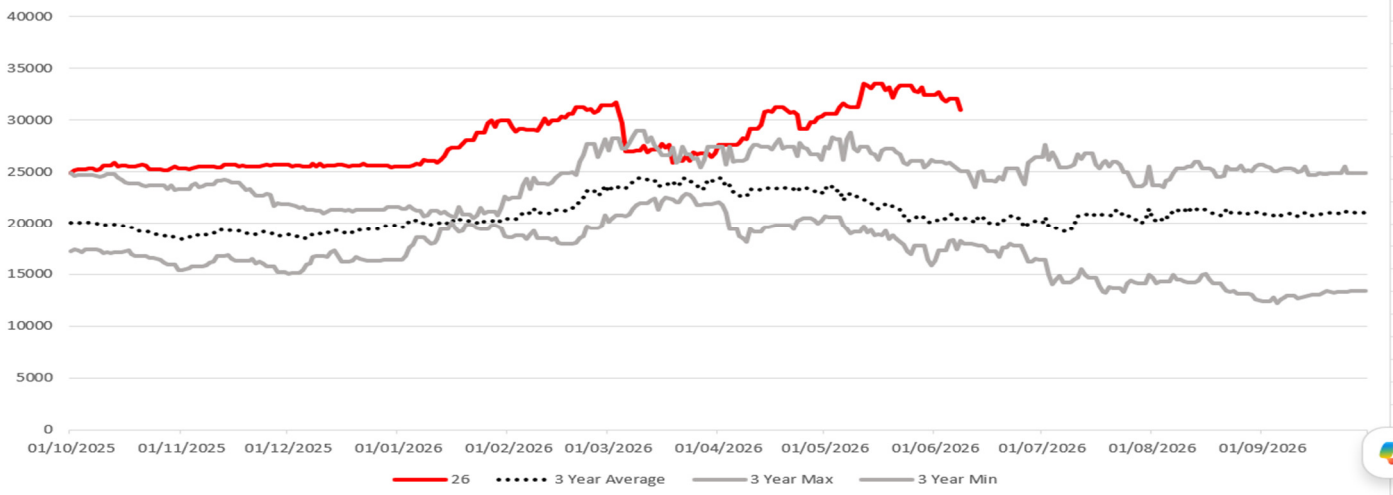
	Support	Resistance	Current Price	Bull	Bear
S1	30,416	R1	32,012		RSI below 50
S2	29,798	R2	32,749		
S3	28,750	R3	33,650		

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is below 50 (43)
- Stochastic is below 50
- Technical outlook Previously: Supported
- Price remained supported last week; however, the upside move had failed to trade above the USD 32,650 fractal high. In theory, the upside resistance level remained vulnerable. The alternative was known as truncation, this would be where the lower timeframe Elliott wave cycle had failed to trade above the peak of the wave 3 (USD 32,650). The RSI had moved below 60 but price remained above the near-term fractal support at USD 31,950; A move below this level would create a failed swing high, warning sell side pressure is on the increase. The technical was in balance.
- The futures traded below the USD 31,950 fractal support, creating a failed swing high. We are below the 8-21 period EMA's with the RSI below 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: Sell side pressure is increasing
- The failed swing high has resulted in what looks to be a downside breakout from a symmetrical candle. The RSI has negative velocity and negative acceleration, warning support levels are vulnerable. However, price is currently testing the 55-period EMA at USD 30,960; for downside continuation, we will need to close and hold below the average. Throwbacks that hold at or above USD 30,416 will signal underlying support in the market; if broken, then the probability of price trading to a new high will begin to decrease, implying a larger corrective cycle is in play. The weakening momentum warns that the USD 30,416 support is vulnerable.

Cape Q3 3-Year Seasonality with Max/Min Values



Capesize Cal 27



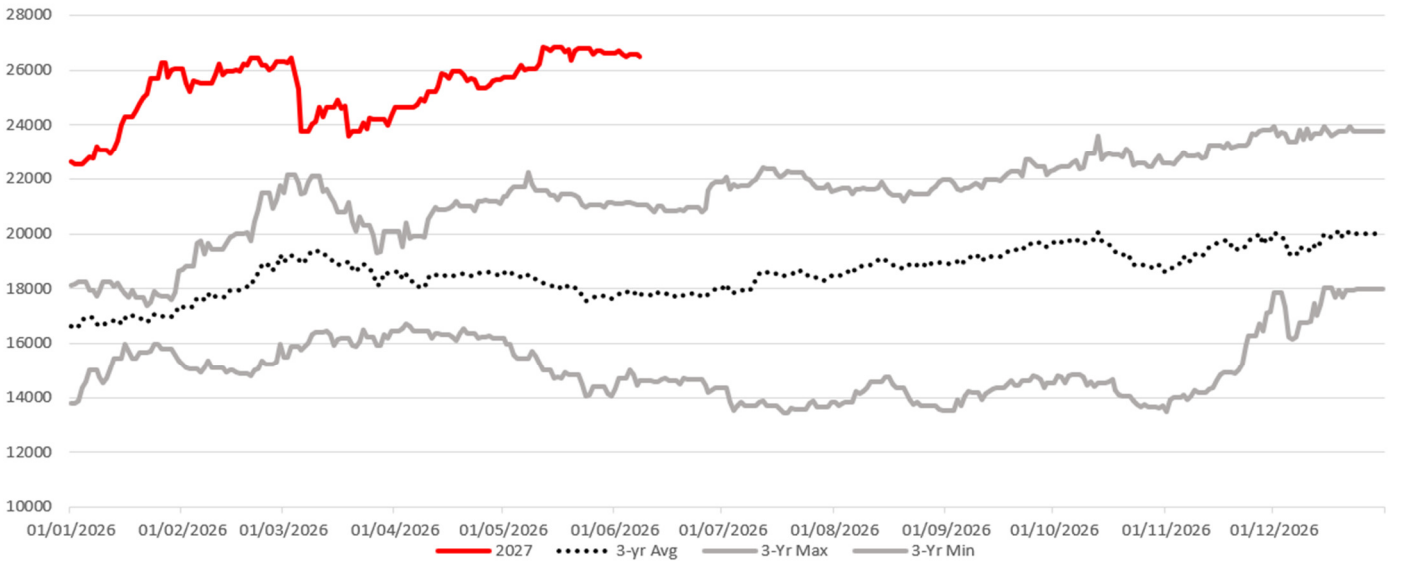
	Support	Resistance	Current Price	Bull	Bear
S1	25,419	R1	26,250	RSI above 50	
S2	24,962	R2			
S3	24,342	R3			

Synopsis

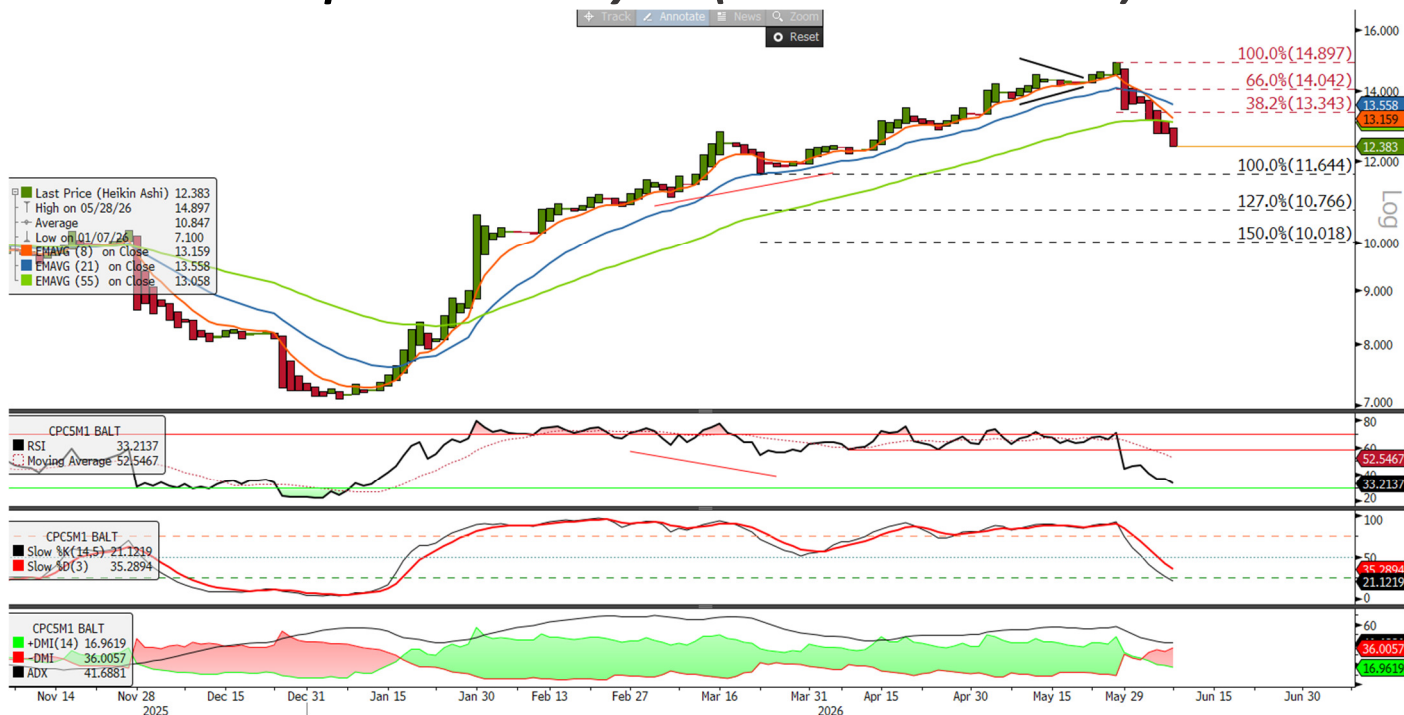
Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (48)
- Stochastic is above 50
- Technical Outlook last week: Supported
- Price was consolidating last week between USD 26,200 and USD 26,900, near-term price action was considered as neutral. In theory, the momentum confirmation previously suggested that the USD 26,900 fractal high could be tested and broken; if it was, we had the potential to test the USD 27,501 resistance. Conversely, a close and hold below USD 26,200 would signal a weakening technical structure.
- The futures are coming under pressure with price below the 8-21 period EMA's with the RSI below 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: weakening
- We have labelled the technical as weakening as the RSI is below 50, signaling velocity is negative. However, price remains in the consolidation range highlighted previously; for downside continuation we will need to see a close and hold below the USD 26,200 level. Until we do, price is technically neutral.

Cape Calendar 3-year Seasonality Avg/Max/Min



Capesize C5 July 26 (Heikin Ashi Chart)



	Support	Resistance	Current Price	Bull	Bear
S1	11.64	R1	13.34	12.38	RSI below 50
S2	10.76	R2	14.04		
S3	10.01	R3	14.89		

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 below 50
- Technical outlook Previously: Weakening price and momentum
- The roll into July last week meant that price and the RSI had made new lows, signaling bearish momentum confirmation; however, the RSI low was distorted by the gap lower, leaving the technical vulnerable to false reading. Price was the lead indicator, the gap down meant that we were below the 21-period EMA for the first time since January, indicating that the 55-period EMA at USD 13.07 was becoming vulnerable. With the gap down distorting momentum the focus was on the medium term EMA; corrections that held the average, and closed back above the 21-period EMA at USD 14.02 would signal trend continuation. Conversely, market bulls should be cautious on a close and hold below 13.07, as it would warn we are looking at a more sustained corrective phase.
- The futures have closed below the 55-period EMA at USD 13.05. We are below all key moving averages supported by the RSI below 50.
- Upside moves that fail at or below USD 14.04 will leave the futures vulnerable to further tests to the downside, above this level the technical will re-enter bullish territory.
- Technical outlook: Sell side pressure increasing.
- The corrective move below the USD 12.64 support means that the probability of the futures trading to a new high has started to decrease, indicating sell side pressure is on the increase. The RSI has negative velocity and acceleration, warning support levels are vulnerable. Market sellers should be cautious on a close back above the 55-period EMA at USD 13.05, as it will warn that buy-side support is entering the market.

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