Capesize Technical Report

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

Index

Index

Technical outlook: sell side pressure increasing.

The rejection of the USD 40,435 resistance has been supported by the RSI selling back below 60, signaling sell-side pressure is increasing. The upside rejection now warns that the USD 28,588 fractal could be tested and broken due to the corrective phase becoming complex.

Aug 26

Technical Outlook: Sell side pressure increasing

The upside rejection and close below the low of the last dominant bull candle indicates we are seeing an increase in sell side pressure, warning the USD 29,687 support is vulnerable. We identify this as the key support to follow; if broken, then the USD 26,500 fractal low could be tested. Conversely, that fail to breach the USD 29,687 level would warn there is an underlying support in the market. If the RSI moves and holds below the 40 level, it will warn that the technical could deteriorate further. USD 29,687 is the key level to follow.

Q4 26

Technical outlook: Downside moves considered as countertrend.

The futures are now in a corrective phase resulting in both the RSI and the ADX moving lower; however, the ADX at 28 signals that the futures remain in a trending environment. Elliott wave analysis suggests that throwbacks should be considered as countertrend, providing we hold above the USD 30,821 support. Below this level the probability of price trading to a new high will begin to decrease. Market buyers should act with caution if the RSI closes and holds below the 40 level, as it will warn that the bullish environment is deteriorating.

Cal 27

Technical Outlook: downside moves considered as countertrend

Unchanged on the technical this week. Our lower timeframe Elliott wave analysis implies that downside moves should be considered as countertrend, providing we remained above the USD 27,060 support. Below USD 27,060 level the probability of price trading to a new high would begin to decrease. As highlighted previously, the RSI move above the 70 level also warns of momentum supports; however, the RSI will need to hold above the 40 level on corrective pullbacks if we are to maintain bullish momentum. The ADX remains above 25, signaling we are still in a bullish trending environment.

C5 Aug 26

Technical outlook: Sell side pressure increasing

The futures are in the process of rejecting the USD 12.85 resistance, while the RSI has moved below 60. If the RSI crosses 50 on the close, and we are below the 55-period EMA at USD 12.41, it will signal that sell side pressure is starting to increase. The caveat is that price will need to hold below the 55-period EMA. As highlighted previously, price is moving higher having broken the USD 11.64 fractal support, implying upside moves should in theory be countertrend in the near-term.

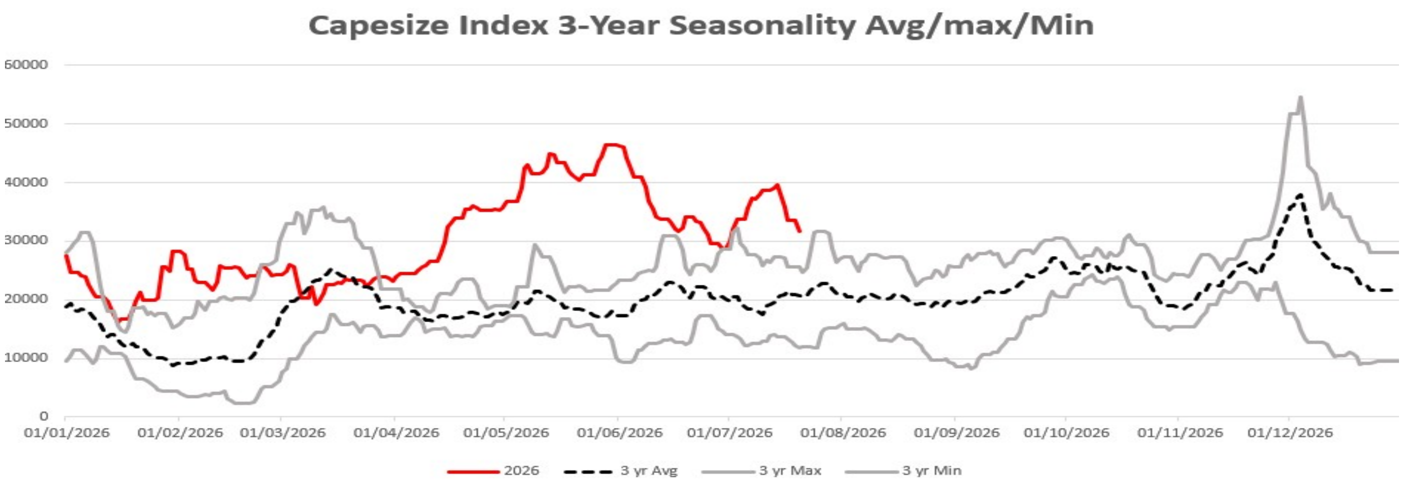
Capesize Index

Support		Resistance		Current Price	Bull	Bear
S1	29,733	R1	35,629	31,768		Stochastic overbought
S2	28,487	R2	40,435			
S3	25,040	R3	42,696			

Source Bloomberg

Synopsis

- Price is below the 8-21 period EMA's
- RSI is below 50 (38)
- Stochastic is overbought
- Price is above the weekly pivot point (USD 35,629)
- Technical outlook Previously: Inflection point
- The index was approaching key resistance at USD 40,435 last week, we noted that if broken, then the probability of the futures trading to a new low would begin to decrease. Conversely, if rejected, the corrective phase had the potential to become more complex. The RSI resistance break did signal an increase in buyside pressure, as did the bullish momentum confirmation, while the RSI was above the 60 level. If we held above it, then key resistance was likely to be broken. We noted that market bulls should act with caution if the RSI dropped below 60 having failed to breach the USD 40,435 resistance. Likewise, if we see a close below the weekly pivot level at USD 37,665, it would signal that sell side pressure was increasing.
- The index rejected the USD 40,435 with the RSI moving back below 60, resulting in price selling lower. Price is below the 8-21 period EMA;s supported by the RSI below 50
- Momentum based on price is aligned to the buyside, a close below USD 38,118 would mean it is aligned to the sell side. Downside moves that hold at or above USD 28,487 would support a bull argument, below this level the technical would re-enter bearish territory.
- Technical outlook: sell side pressure increasing.
- The rejection of the USD 40,435 resistance has been supported by the RSI selling back below 60, signaling sell-side pressure is increasing. The upside rejection now warns that the USD 28,588 fractal could be tested and broken due to the corrective phase becoming complex.



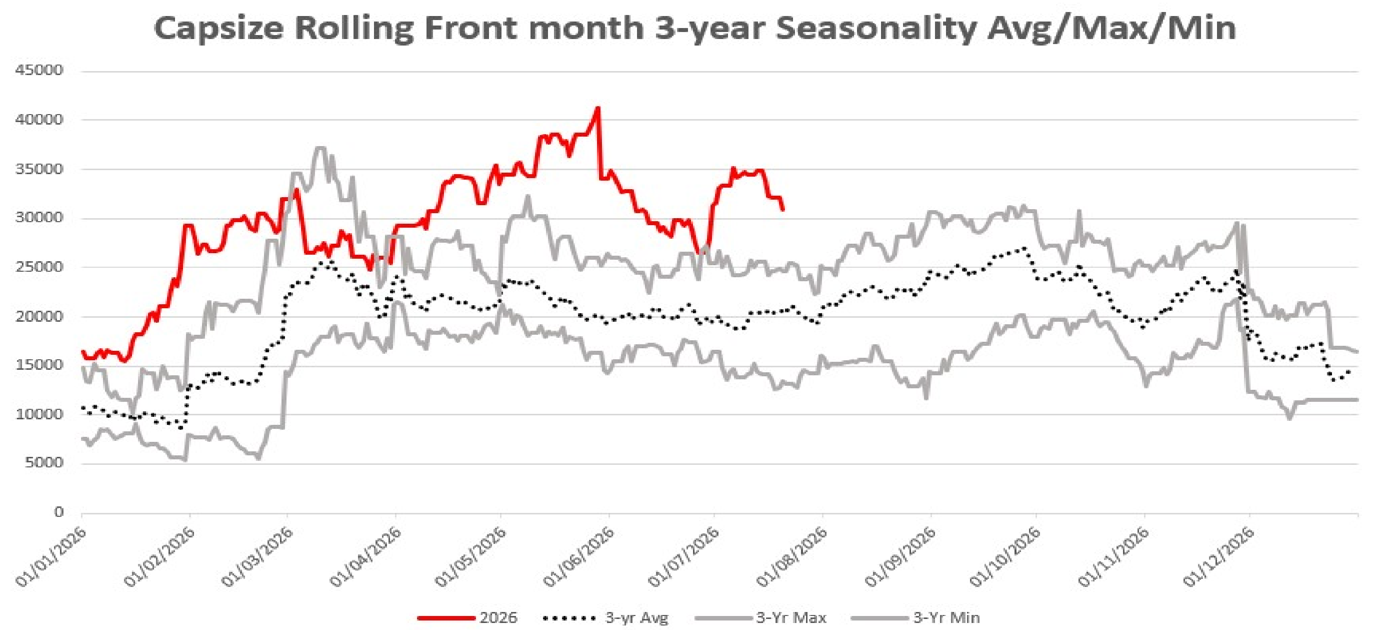
Capesize Aug 26

Support		Resistance		Current Price	Bull	Bear
S1	29,687	R1	36,482	30,875		RSI below 50
S2	28,506	R2	38,388			
S3	27,911	R3	41,625			

Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is above 50 (43)
- Stochastic is above 50
- Technical Outlook Previously: Supported
- The RSI was holding above the 60 level last week, warning that momentum was supported, meaning resistance levels remained vulnerable. We continued to identify USD 36,482 as a key level to follow; if rejected, then the corrective phase had the potential to become more complex; conversely, if breached, the probability of price trading to a new low would begin to decrease. Market buyer's should be cautious on a close below the low of the last dominant bull candle at USD 33,325, as it would signal sell side pressure as on the increase.
- The futures rejected the USD 36,482 level and closed below the low of the last dominant bull candle, resulting in price selling lower. We are below the 8-21 period EMA's with the RSI below 50.
- Upside moves that fail at or below USD 36,482 will leave the technical vulnerable to further tests to the downside, above this level we will re-enter bullish territory.
- Technical Outlook: Sell side pressure increasing
- The upside rejection and close below the low of the last dominant bull candle indicates we are seeing an increase in sell side pressure, warning the USD 29,687 support is vulnerable. We identify this as the key support to follow; if broken, then the USD 26,500 fractal low could be tested. Conversely, that fail to breach the USD 29,687 level would warn there is an underlying support in the market. If the RSI moves and holds below the 40 level, it will warn that the technical could deteriorate further. USD 29,687 is the key level to follow.



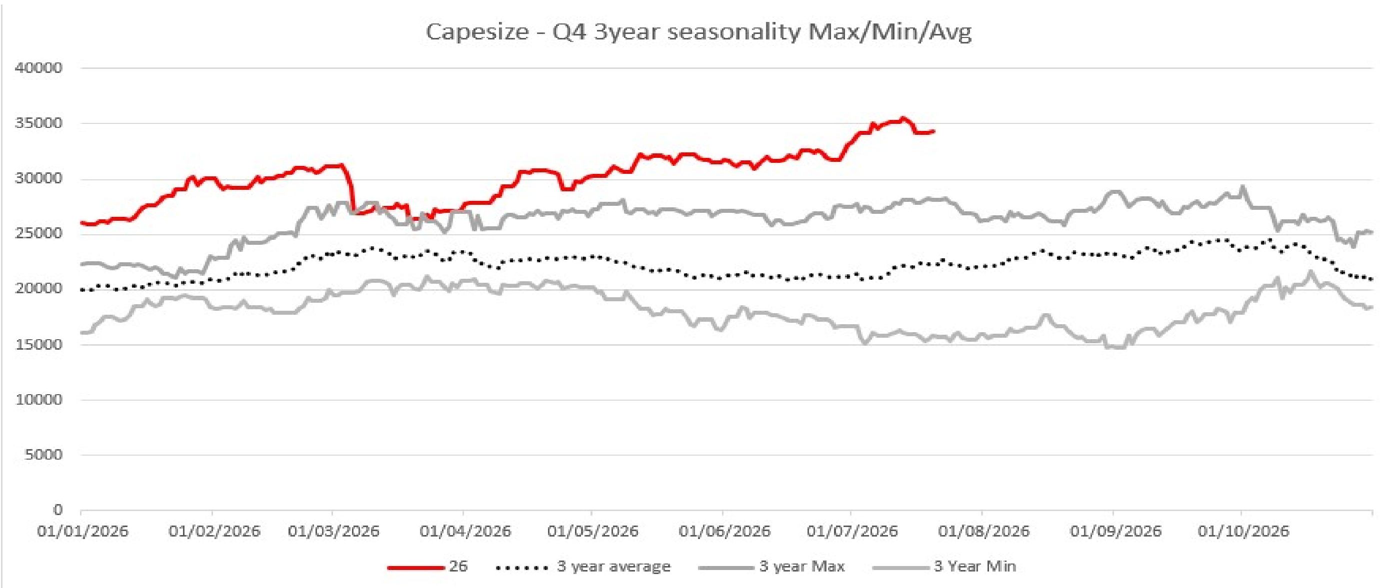
Capesize Q4 26

Support		Resistance		Current Price	Bull	Bear
S1	32,883	R1	35,716	34,300	RSI above 50	Stochastic overbought
S2	32,008	R2	36,823			
S3	30,821	R3	38,450			

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (56)
- Stochastic is overbought
- Technical outlook Previously: Downside moves considered as countertrend.
- Unchanged on the technical last week. The futures remained supported with the RSI holding above the 70 level, indicating we remain in a trending environment, as did the ADX at 39, suggesting downside moves should be considered as countertrend. Market bulls should be cautious on throwbacks that breach the USD 32,504 support, as it would reduce the probability of price trading to a new high.
- The futures have entered a corrective phase, price is between the 8-21 period EMA's with the RSI above 50.
- Downside moves that hold at or above USD 30,821 would support a longer-term bull argument, below this level the technical would have a neutral bias. Note: Fibonacci support levels have been revised lower due to the lower timeframe Elliott wave extension.
- Technical outlook: Downside moves considered as countertrend.
- The futures are now in a corrective phase resulting in both the RSI and the ADX moving lower; however, the ADX at 28 signals that the futures remain in a trending environment. Elliott wave analysis suggests that throwbacks should be considered as countertrend, providing we hold above the USD 30,821 support. Below this level the probability of price trading to a new high will begin to decrease. Market buyers should act with caution if the RSI closes and holds below the 40 level, as it will warn that the bullish environment is deteriorating.



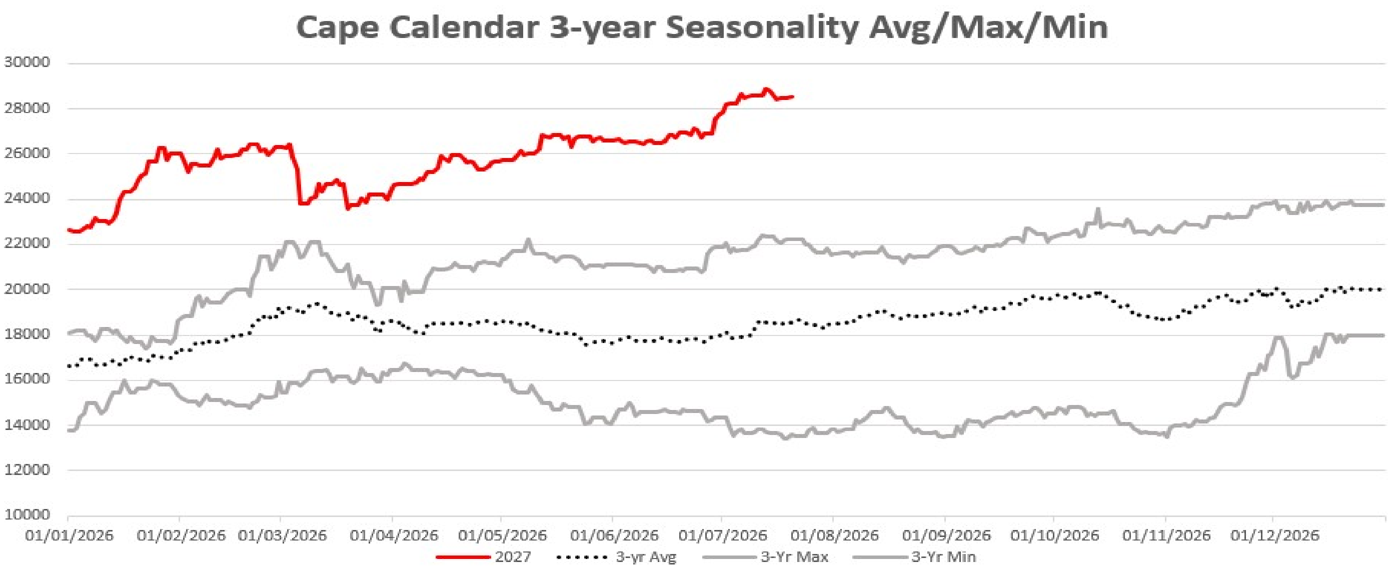
Capesize Cal 27

Support		Resistance		Current Price	Bull	Bear
S1	27,835	R1	29,177	28,525	RSI above 50	Stochastic overbought
S2	27,060	R2	30,006			
S3	26,113	R3	31,053			

Synopsis

Source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (63)
- Stochastic is overbought
- Technical Outlook last week: downside moves considered as countertrend
- We noted last week that like the Q4 26 we had seen no significant pullback in price. The RSI was holding above the 70 level while the ADX was above 25, indicating we remained in a trending environment, suggesting downside moves should be considered as counter-trend. Throwbacks that held at or above USD 27,052 would leave resistance levels vulnerable; conversely, if breached, then the probability of price trading to a new high would begin to decrease.
- The futures have entered 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 27,060 would support a bull argument, below this level will the technical would have a neutral bias.
- Technical Outlook: downside moves considered as countertrend
- Unchanged on the technical this week. Our lower timeframe Elliott wave analysis implies that downside moves should be considered as countertrend, providing we remained above the USD 27,060 support. Below USD 27,060 level the probability of price trading to a new high would begin to decrease. As highlighted previously, the RSI move above the 70 level also warns of momentum supports; however, the RSI will need to hold above the 40 level on corrective pullbacks if we are to maintain bullish momentum. The ADX re-mains above 25, signaling we are still in a bullish trending environment.



Capesize C5 Aug 26 (Heiken Ashi Chart)

Support		Resistance		Current Price	Bull	Bear
S1	11.64	R1	12.85	12.20	RSI above 50	Stochastic overbought
S2	10.76	R2	13.50			
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 above 50 (54)
- Stochastic is overbought
- Technical outlook Previously: Upside moves considered as countertrend
- The futures remained supported last week with price above the 55-period EMA. The ADX at 35 remained in a trending environment at that point; however, it is starting to slow down. If the ADX turned to the upside, it would warn that buyside pressure was intensifying, leaving the USD 13.50—USD 14.89 resistance levels vulnerable. Price was moving higher from below the USD 11.64 fractal support, warning the pull-back should be considered as countertrend, providing the USD 13.50 resistance is not breached. If the RSI reclaimed 60 and the ADX turned higher, market sellers should act with caution.
- The futures are starting to move lower with the current price around the USD 12.20 level, meaning we are below the 8-21 period EMA's with the RSI above 50.,
- Upside moves that fail at or below USD 13.50 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Sell side pressure increasing
- The futures are in the process of rejecting the USD 12.85 resistance, while the RSI has moved below 60. If the RSI crosses 50 on the close, and we are below the 55-period EMA at USD 12.41, it will signal that sell side pressure is starting to increase. The caveat is that price will need to hold below the 55-period EMA. As highlighted previously, price is moving higher having broken the USD 11.64 fractal support, implying upside moves should in theory be countertrend in the near-term.