# FIS Capesize Technical Report

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Index

Technical outlook: Sell side pressure increasing

The move below USD 42,218 means that the probability of the index trading at a new high has started to decrease. The index has tested and rejected the 55-period SMA at USD 42,629, implying support levels remain vulnerable at this point, as does the RSI move below 40. Market sellers should act with caution on a close back above the weekly pivot level, as this represents a balance point in the market, above this level would suggest buyside support is entering the market.

Nov 26

Technical Outlook: Minor positive divergence in play.

The downside move to a new low has created a minor positive divergence with the RSI, this divergence is more prominent on the intraday technical. The divergence is a condition that warns sell side momentum could slow, meaning it needs to be monitored to see if it is being respected. Upside moves above USD 42,875 would signal an increase in buyside pressure, warning that the USD 47,337 resistance could be tested. Conversely, if the divergence fails (on both timeframes), it would warn that the technical could deteriorate further. While the divergence is in play, we have a cautious approach to lower moves.

Q1 27

Technical outlook: corrective

The futures are in a corrective phase with price testing the 55-period EMA at USD 28,817; a close and hold below the average would warn that the USD 28,245 support could come under pressure in the near-term. Longer-term support is at USD 26,775, as this is the 100% Fibonacci projection of the initial move lower. Upside moves that fail at or below USD 30,030 would leave support levels vulnerable; conversely, a close and hold above USD 30,625 would signal buyside pressure is increasing. We mark USD 31,663 as the key resistance, if rejected, it would warn that there could be a larger corrective phase in play. Price is testing the EMA support with the 4-hour RSI in divergence, implying caution on lower moves in the near-term. For downside continuation, we need to close and hold below the average, with the RSI making new lows.

Cal 27

Technical Outlook: bullish throwback

The futures remain in a corrective phase with the RSI showing negative velocity and negative acceleration, meaning the USD 31,800 support remains vulnerable at this point. As highlighted last week, USD 31,800 is the 100% Fibonacci projection of the first corrective wave, projected from the high of the second wave; market sellers should act with caution around this level, as it has the potential to attract buyside support. Conversely, caution is warranted if the RSI holds above the 40 level, as it would warn of momentum support. A close and hold below USD 31,800 with the RSI below 40 would leave the primary trend support at USD 29,747 vulnerable.

C5 Nov 26

Technical outlook: Sell side pressure increasing

The close and hold below the trend support line indicates that sell side pressure has increased, this is supported by the RSI which has moved below the 40 level, signaling momentum weakness. Upside moves that fail at or below USD 15.98 would warn that the corrective phase has the potential to be more complex. Market sellers should act with caution if the RSI reclaims and holds above the 40 level, as would suggest momentum is becoming supported, warning resistance levels could come under pressure.

# Capesize Index

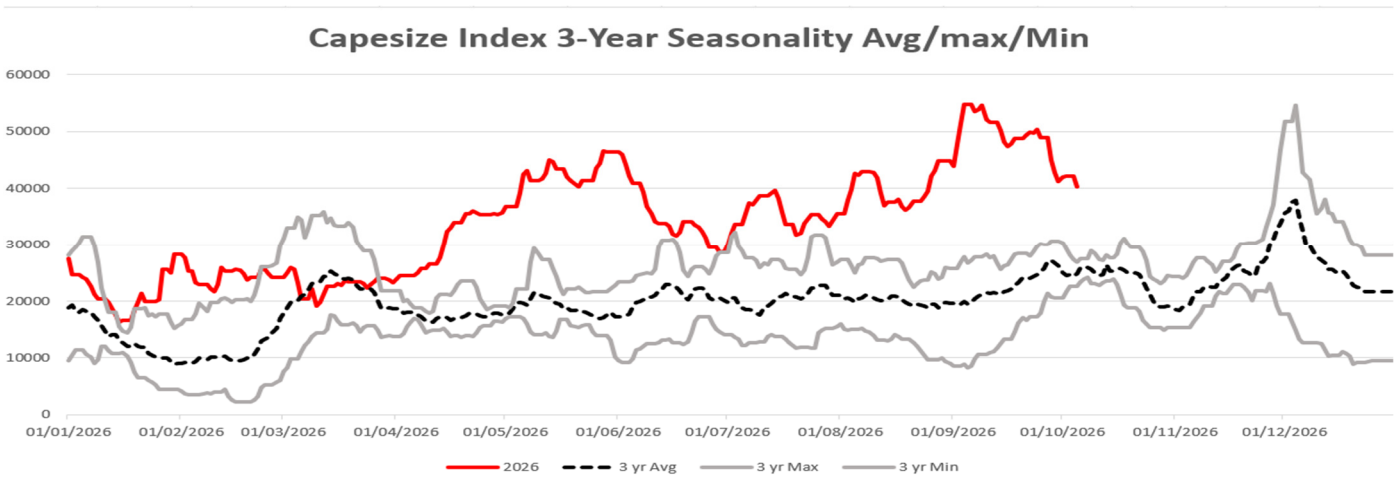



| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 40,163 | R1 | 44,161 | 40,330 | Stochastic oversold | RSI below 50 |
| S2 | 36,181 | R2 | 46,950 | | | |
| S3 | 31,156 | R3 | 50,361 | | | |

Source Bloomberg

**Synopsis**

- Price is below the 8-21 period EMA's
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the weekly pivot point (USD 42,814)
- Technical outlook Previously: Sell side pressure increasing
- The move below the USD 47,397 fractal support last week meant that we had a 3-wave corrective pattern lower. A 100% Fibonacci projection of wave 1, from the peak of wave 2, gave us an equal leg projection at USD 42,967. Key Fibonacci support was at USD 42,218, throwbacks below this level would reduce the probability of price trading at a new high within this phase of the cycle. A failed swing high and lower low, supported by an RSI that had negative velocity and negative acceleration, implied that sell side pressure was increasing, warning the USD 42,967—USD 42,218 support zone could be tested. We noted that this would be a key area on the technical, throwbacks that held at or above this area would imply underlying support in the market; conversely, a close and hold below USD 42,218 would suggest we could see further technical weakness.
- The index has closed below the USD 42,218 support, we are below all key moving averages supported by the RSI below 50.
- Momentum based on price is aligned to the sell-side, a close above USD 41,885 would mean it is aligned to the buyside. Upside moves that fail at or below USD 46,950 would leave the futures vulnerable to further tests to the downisde, above this level would signal an increase in buyside pressure.
- Technical outlook: Sell side pressure increasing
- The move below USD 42,218 means that the probability of the index trading at a new high has started to decrease. The index has tested and rejected the 55-period SMA at USD 42,629, implying support levels remain vulnerable at this point, as does the RSI move below 40. Market sellers should act with caution on a close back above the weekly pivot level, as this represents a balance point in the market, above this level would suggest buyside support is entering the market.



# Capesize Nov 26

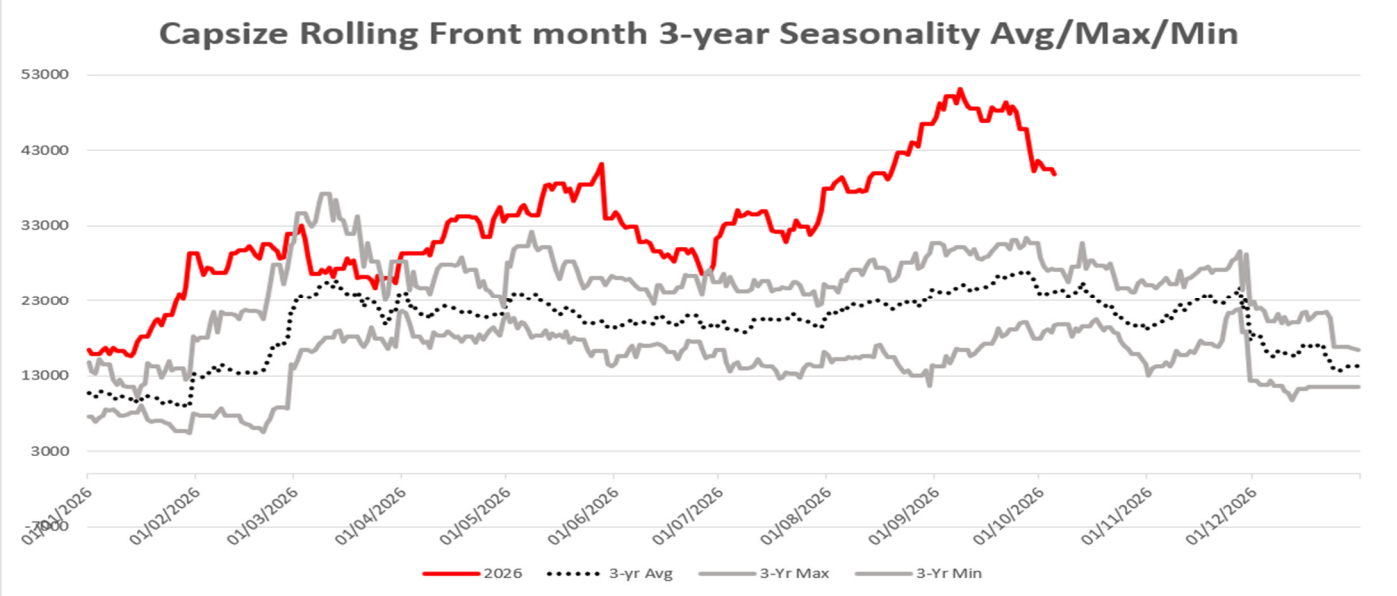



| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 38,325 | R1 | 42,875 | 39,800 | RSI below 50 | Stochastic oversold |
| S2 | 36,850 | R2 | 43,475 | | | |
| S3 | 35,387 | R3 | 47,337 | | | |

## Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (36)
- Stochastic is oversold
- Technical Outlook Previously: Inflection point
- We noted previously that the RSI failed to hold above the 60 level ,resulting in a bearish engulfing candle and a failed swing high. The futures were testing but remained above the trend support line at USD 42,450, while the RSI was testing the 40 level, meaning price was at an inflection point. The RSI had negative velocity and negative acceleration, meaning the USD 41,788 support was vulnerable. If broken, then the probability of the futures trading at a new high within this phase of the cycle would begin to decrease, signaling a higher timeframe corrective phase. However, caution would be warranted if the USD 41,788 support was breached, but price fails to hold below the trend support line, as it would indicate sell side momentum could be slowing.
- The futures closed below the trend support line at USD 43,475 resulting in the USD 41,778 support being broken. We have since seen the futures test and reject the resistance line, resulting in price selling to new lows. We are below the 8-21 period EMA's with the RSI below 50.
- Upside moves that fail at or below USD 47,337 would warn that there could be a larger, more complex corrective phase in play.
- Technical Outlook: Minor positive divergence in play.
- The downside move to a new low has created a minor positive divergence with the RSI, this divergence is more prominent on the intraday technical. The divergence is a condition that warns sell side momentum could slow, meaning it needs to be monitored to see if it is being respected. Upside moves above USD 42,875 would signal an increase in buyside pressure, warning that the USD 47,337 resistance could be tested. Conversely, if the divergence fails (on both timeframes), it would warn that the technical could deteriorate further. While the divergence is in play, we have a cautious approach to lower moves.



# Capesize Q1 27

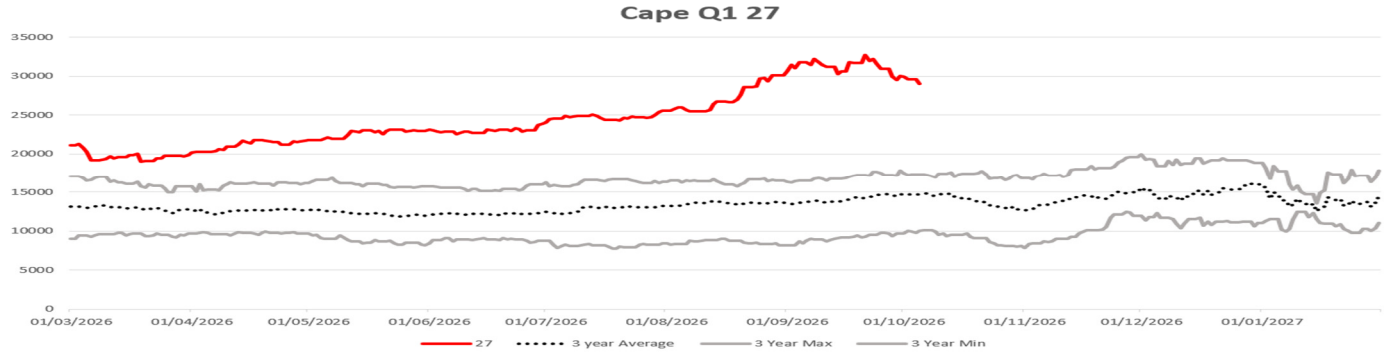



| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 28,817 | R1 | 30,030 | 29,025 | Stochastic oversold | RSI below 50 |
| S2 | 28,245 | R2 | 30,625 | | | |
| S3 | 37,737 | R3 | 31,663 | | | |

## Synopsis

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (43)
- Stochastic is oversold
- Technical outlook Previously: Sell side pressure increasing
- The failure to trade at a new high last week had been followed by a break in fractal support, signaling an increase in sell side pressure. Our Elliott wave analysis suggested that downisde moves should be considered as countertrend; however, the marginal fail at the high was clouding the technical. It could be that the move lower is a corrective pullback from the lower timeframe Elliott wave (iii); however, there is a chance that the lower timeframe cycle had truncated (the (v) failed to make a new high), meaning we could potentially be in a higher timeframe corrective phase. If we closed and held below the 55-period EMA at USD 41,394, and trade below the USD 40,582 level, then the probability of price trading at a new high would start to decrease. However, if the RSI held the 40 level (or reclaimed it if broken) and price failed to hold below the 55-period EMA, it would warn of underlying support in the market. Although sell side pressure has increased, we had a more neutral view at this point, due to the lack of clarity in the wave cycle. Upside moves that failed at or below USD 45,740 would suggest a more complex corrective phase.
- The Q4 contract closed below the 55-period EMA and broke the USD 40,582 level, suggesting we have entered a higher timeframe corrective phase. We have now rolled to the Q1 27 technical. Price is below the 8-21 period EMA's supported by the RSI below 50.
- Downside moves that hold at or above USD 23,834 would support a longer-term bull argument, below this level the technical would have a neutral bias.
- Technical outlook: corrective
- The futures are in a corrective phase with price testing the 55-period EMA at USD 28,817; a close and hold below the average would warn that the USD 28,245 support could come under pressure in the near-term. Longer-term support is at USD 26,775, as this is the 100% Fibonacci projection of the initial move lower. Upside moves that fail at or below USD 30,030 would leave support levels vulnerable; conversely, a close and hold above USD 30,625 would signal buyside pressure is increasing. We mark USD 31,663 as the key resistance, if rejected, it would warn that there could be a larger corrective phase in play. Price is testing the EMA support with the 4-hour RSI in divergence, implying caution on lower moves in the near-term. For downside continuation, we need to close and hold below the average, with the RSI making new lows.



# Capesize Cal 27

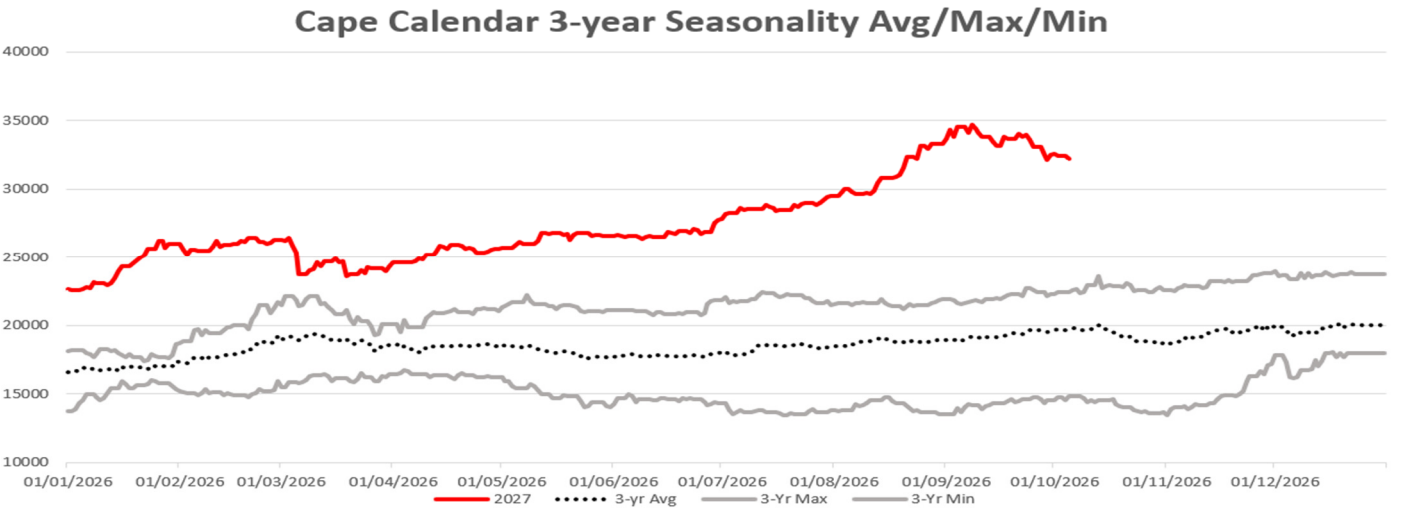



| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 31,800 | R1 | 32,875 | 32,200 | Stochastic oversold | RSI below 50 |
| S2 | 30,525 | R2 | 33,193 | | | |
| S3 | 29,157 | R3 | 33,916 | | | |

**Synopsis**

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (44)
- Stochastic is at 50
- Technical Outlook last week: bullish throwback
- The futures were in a corrective phase last week having produced a failed swing high and a break in the USD 32,400 fractal support, meaning we had a corrective 3-wave pattern forming. A 100% Fibonacci projection of the first corrective wave, projected from the high of the second wave, gave us a potential near-term downside target at USD 3,1800. Market sellers should act with caution around this level, as it could attract buyside support. Our Elliott wave analysis did suggests that downside moves should be considered as countertrend, and not bearish, providing the USD 29,157 support was not breached.
- The futures continue to sell lower, resulting in price trading below the USD 32,250 fractal support. We are below the 8-21 period EMA's supported by the RSI below 50.
- Downside moves that hold at or above USD 29,157 would support a bull argument, below this level will the technical would have a neutral bias.
- Technical Outlook: bullish throwback
- The futures remain in a corrective phase with the RSI showing negative velocity and negative acceleration, meaning the USD 31,800 support remains vulnerable at this point. As highlighted last week, USD 31,800 is the 100% Fibonacci projection of the first corrective wave, projected from the high of the second wave; market sellers should act with caution around this level, as it has the potential to attract buyside support. Conversely, caution is warranted if the RSI holds above the 40 level, as it would warn of momentum support. A close and hold below USD 31,800 with the RSI below 40 would leave the primary trend support at USD 29,747 vulnerable.



# *Capesize C5 Nov 26 (Heiken Ashi Chart)*




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 14.49 | R1 | 15.98 | 14.90 | | RSI below 50 |
| S2 | 13.75 | R2 | 16.93 | | | |
| S3 | 13.17 | R3 | 18.59 | | | |

## 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 (35)
- Stochastic is above 50
- Technical outlook Previously: inflection point
- The futures were testing trend support at USD 15.48 last week, meaning we were at an inflection point. A close and hold below the support line would suggest that the Fibonacci support zone could come under pressure. Conversely, if we held (or failed to hold) below the support line, it will signal buyside support has entered the market.
- The futures have rolled into the November contract with price closing below the trend support line, resulting in the futures trading into the Fibonacci support zone.
- Downside moves that hold At or above USD 13.75 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Sell side pressure increasing
- The close and hold below the trend support line indicates that sell side pressure has increased, this is supported by the RSI which has moved below the 40 level, signaling momentum weakness. Upside moves that fail at or below USD 15.98 would warn that the corrective phase has the potential to be more complex. Market sellers should act with caution if the RSI reclaims and holds above the 40 level, as would suggest momentum is becoming supported, warning resistance levels could come under pressure.

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