

FIS Technical - Grains And Ferts

Technical Analyst

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Highlights:

- **SOY** –The weekly chart failed to close above the USD 963 level, and this remains a key point of focus. The daily technical remains bullish but has now entered a corrective phase.
- **Corn** – This technical currently remains bearish and a close below USD 353 on the weekly chart would suggest the recent lows at USD 344 could be challenged. Market shorts should tighten risk on a daily close above USD 360.
- **Wheat** – Technically bearish and failed to close above USD 441. A close below USD 433 would signal downside continuation targeting the USD 422 low. Caution on a close above USD 442.
- **NOLA** – A bullish breakout on the Nola contract has price action firmly in bullish territory. However market longs should be cautious of the bearish divergence as this would suggest upside moves could soon exhaust.
- **Urea (gran) FOB Middle East** – Like the Nola contract we have a bullish move off the 50 period MA and long term targets remain at the 200 period MA at 265. Caution as we have a bearish divergence forming.

Soy November 2017 weekly

Resistance – 963, 978, 981, 988

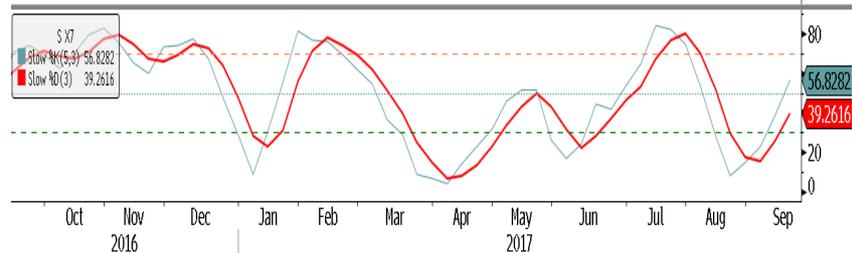
Support – 953, 935, 921, 915

The weekly chart failed to close above the USD 963 level and this could be key going forward. Upside moves touched the USD 977 level but have failed to hold above USD 963, resulting in a rejection tail on the weekly candle.

Technically we are now in the resistance zone, market sellers need to see a close on the weekly candle below USD 953 before looking to enter from the sell side.

USD 963 remains a key level on the weekly chart, a close above this level would signal imply upside continuation, and a potentially a sign that the longer term trend is indeed bullish.

A key focus at this point is the weakening USD currency, as this has been a factor in the recent rally. The USD index is in a bear trend, but showing a bullish divergence on the daily chart, a mean reversion here could reinforce current resistance levels.



Soy November 2017 Daily

Resistance- 978, 989, 1,020

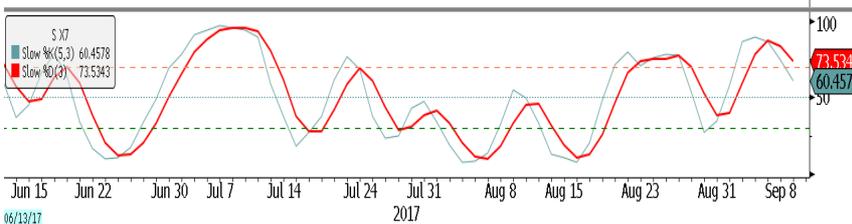
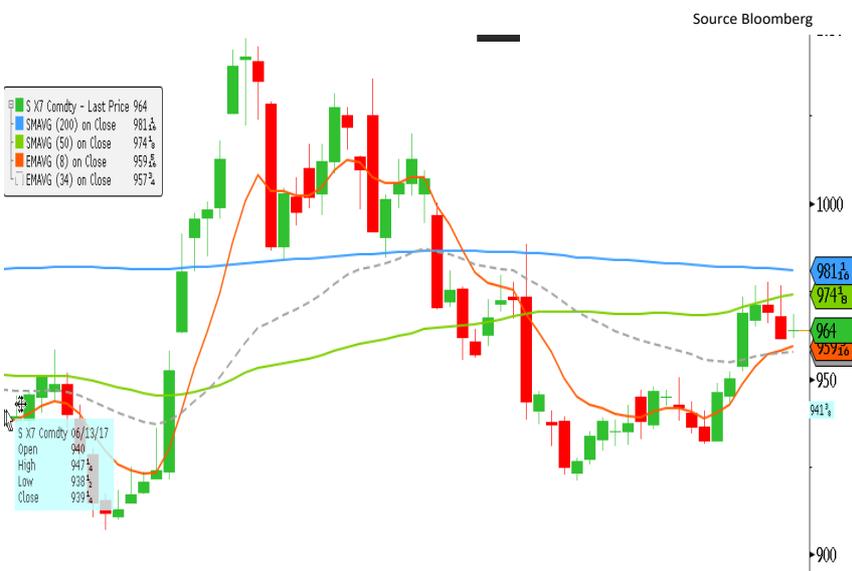
Support – 946, 932.5, 921

The bearish divergence last week has resulted in the 50 period EMA holding and a corrective wave has now begun.

Technically the trend on the daily chart remains bullish as we continue to make higher lows and higher highs.

Technical support is at USD 946 as this was the previous swing high. A close on the daily chart above USD 968 would suggest upside continuation, though market longs should remain cautious as the 50 and 200 period MA's are currently acting as a resistance zone (USD 974 – USD 981)

Technically bullish on the daily chart but in a corrective phase at this point.



Source Bloomberg

Corn December 2017 Weekly

Resistance- 365, 373, 389

Support – 344, 334, 319

Little has changed since last week’s technical, with upside pricing failing to close above USD 365 technical resistance.

Technically the trend remains bearish as we have yet to produce a higher low in the market. A close below USD 354 would suggest downside continuation, targeting the USD 344 low.

A failure to trade below USD 344 would imply a weakening trend, and alert technical buyers to the potential of a trend reversal. Until this is produced, from a weekly perspective market buyers should remain on the side lines.

Momentum remains oversold, however price action remains bearish. Key levels to watch at USD 365 and USD 354.



Corn December 2017 Daily

Resistance- 360, 362, 370, 375

Support- 344, 331

Sideways action on the daily corn chart last week, with some signs it has entered a corrective phase. The USD 362 technical resistance has held and at this point the trend should still be regarded as bearish.

Downside moves that fail to trade below USD 344 will have technical buyers looking for long entry signals, as the higher low would suggest the trend is turning technically bullish.

Upside moves that close above USD 360 would suggest that the corrective wave has finished, and the bias of the trend is turning bullish. However conservative buyers should wait for a close above (or at least trade above) the USD 362 resistance as this is the most recent high point.



Wheat December Weekly

Resistance- 453, 494, 519, 5

Support- 433, 412, 402

The upward price pressure last week failed to test the USD 453 resistance. We also failed to close above the USD 441 technical level, and this has resulted in a short corrective wave.

A close below USD 433 would imply downside continuation targeting the recent low at USD 422.5. Failure to trade below this level will have technical buyers on alert for long entry signals as the higher low would suggest downside momentum is weakening as the higher low would have bullish implications.

A close above USD 442 would suggest market buyers are gaining in confidence and the USD 453 technical resistance should be tested.



Wheat December Daily

Resistance – 444, 453, 481

Support- 422, 417

The upside resistance between USD 444 – USD 453 held last week and the close on the daily chart below USD 441 has signalled that a corrective wave has begun.

Technically the trend remains bearish, but oversold on the weekly stochastic. Market sellers will be targeting the USD 422 low if the weekly candle closes below USD 433; failure to achieve USD 422 would have bullish implications going forward as it will result in a higher market low.

A close above USD 446 has bullish implications (providing a new low hasn't formed) going forward and market shorts should look to tighten risk.



US Gulf Nola Urea Granular Spot Price Weekly

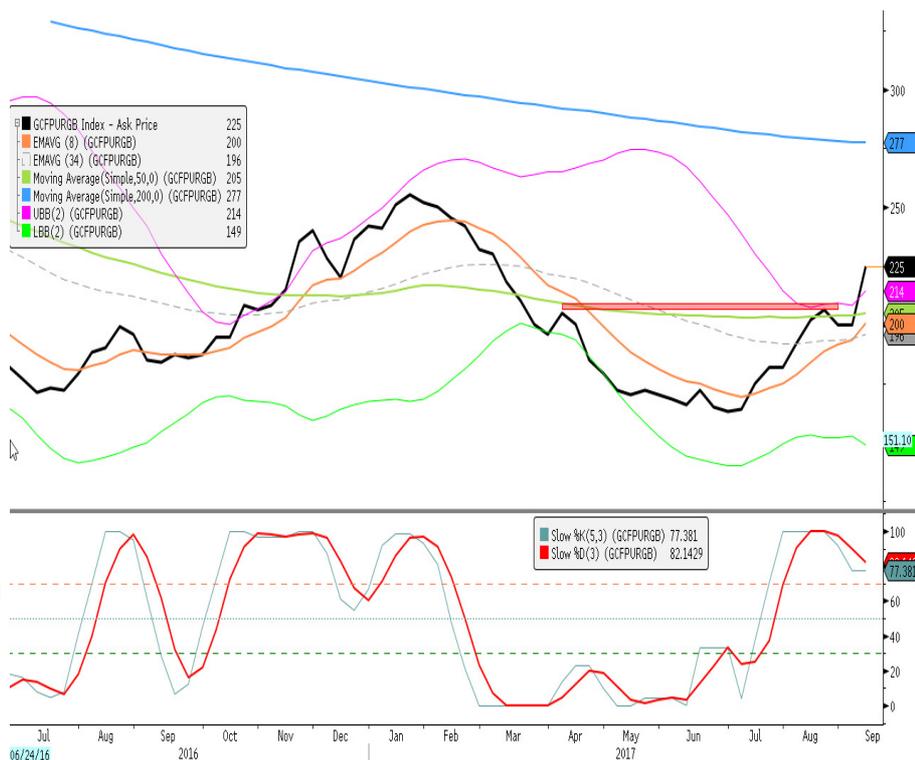
Resistance – 240, 255, 277

Support- 206, 200, 191

A strong upside move in the Nola urea contract has resulted in a break in the technical resistance at USD 206. Market buyers should now look for this area to act as a support.

Price action remains bullish, and this is the lead indicator, however the stochastic is now showing a bearish divergence suggesting technical resistance at USD 240 should hold in the near term as a corrective wave within the bullish trend is now needed.

A close below USD 200 would neutralise the bullish trend and increase the probability of a lower high forming. At this point market sellers need to see a lower high before entering anything other than short term mean reversion trades.



Urea (gran) FOB Middle East

Resistance – 237.5, 265, 277.50

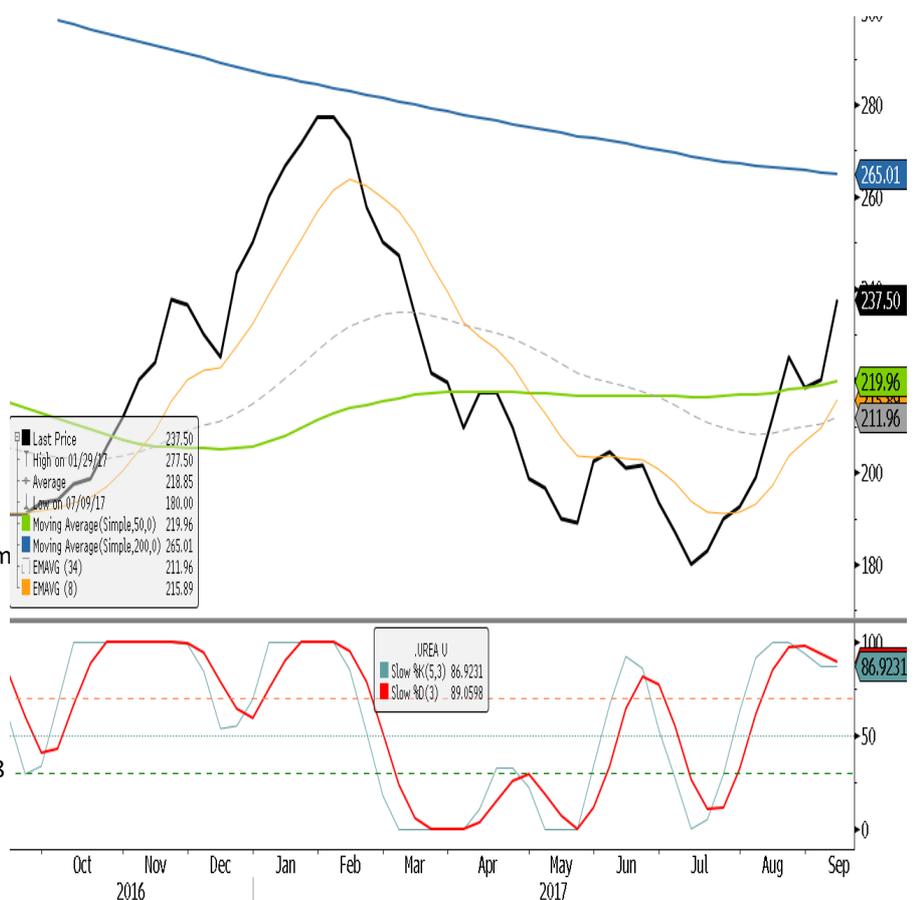
Support- 218.5, 204.5, 189

A strong upward move from the 50 period MA keeps the Middle Eastern contract firmly in bullish territory.

Like the Nola index is showing a bearish divergence with the stochastic. Not a sell signal this does warn of slowing momentum and suggest further upside moves could exhaust as a corrective wave is now needed.

A close below USD 218.5 would change the technical from bullish to neutral and increase the probability of a lower high forming.

As the trend remains bullish market sellers need to see a lower high form before entering from the sell side for anything other short term mean reversion trades to the 8 period EMA at USD 212.



Technical Analysis Glossary

Pivot Point

A point where the market makes a new high or low, before reversing in direction.

Trend Line

A directional line connecting pivot points.

Primary Trend

The main trend line over an extended period of time.

Secondary Trend

Distinct from but within the primary trend. Indicates recent trend.

Support

A previous market low where market participants have been prepared to enter long positions.

Resistance

A previous market high where market participants have been prepared enter short positions.

Range

An area between the support and resistance.

Relative Strength Index (RSI)

A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions in an asset. The RSI ranges from 0 to 100. Typically speaking, an asset is deemed to be overbought once the RSI approaches the 70 level, and likewise, as the RSI approaches 30, it is deemed to be oversold.

Fibonacci Retracement

Refers to areas of support or resistance. A Fibonacci retracement shows the potential retracement of a financial asset relative to the original move in price. A trend line is drawn between two points and then the vertical distance is divided by key Fibonacci ratios; 23.60%, 38.25%, 50.00%, 61.80% and 100.00%. This tool can also be used as a projection method.

Moving Average Convergence Divergence (MACD)

A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A nine-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals on the crossover of the two lines. The histogram highlights the narrowing and widening of the two averages acting as an indicator for slowing or increasing momentum in the market. I.E a flattening or decreasing histogram in an upward market would suggest that the upward move could soon stall.

Award winning broker

In 2015 FIS was named as the best performing inter-dealing broker in Iron Ore swaps and options by Singapore-based SGX AsiaClear for the third consecutive year.

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