

FIS Technical - Capesize

Technical Analyst

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Highlights:

- **Capesize Index-** In a market range, but technically bullish. Upside moves that make fresh market highs will create a bearish divergence and market buyers should remain cautious on bullish breakouts because of this.
- **Dec –** The fresh market high has put the Dec futures in bullish territory. However we are now seeing a bearish divergence in the market and this would suggest we could soon see another corrective phase.
- **Cape Q1 18 –** A bullish technical that is already reacting to the bearish divergence in the market. Caution on a close below USD 11,157.
- **Cal 18 –** Like the Q1 18 futures the Cal 18 is technically bullish but reacting to a bearish divergence in the market. Caution on a close below USD 13,883.

Capesize Index

Resistance – 22,631, 27,866

Support – 20,626, 19,893, 17,929

Weekly stochastic in overbought territory

Daily stochastic at 32

The Capesize index is currently range bound but remains in a bullish technical phase, based on higher highs and higher lows.

The stochastic is looking weak and not matching price action and this would suggest that if we see an index print above USD 22,613 it will almost certainly result in a bearish divergence. Not a sell signal this does suggest that upside momentum is slowing and market buyers should keep risk tight.

Caution on market pullbacks below USD 20,626 as this will increase the probability of a lower high forming and the index entering into a longer term corrective phase.

Capesize Dec 17 Daily

Resistance – 18,525, 18,729, 19,007

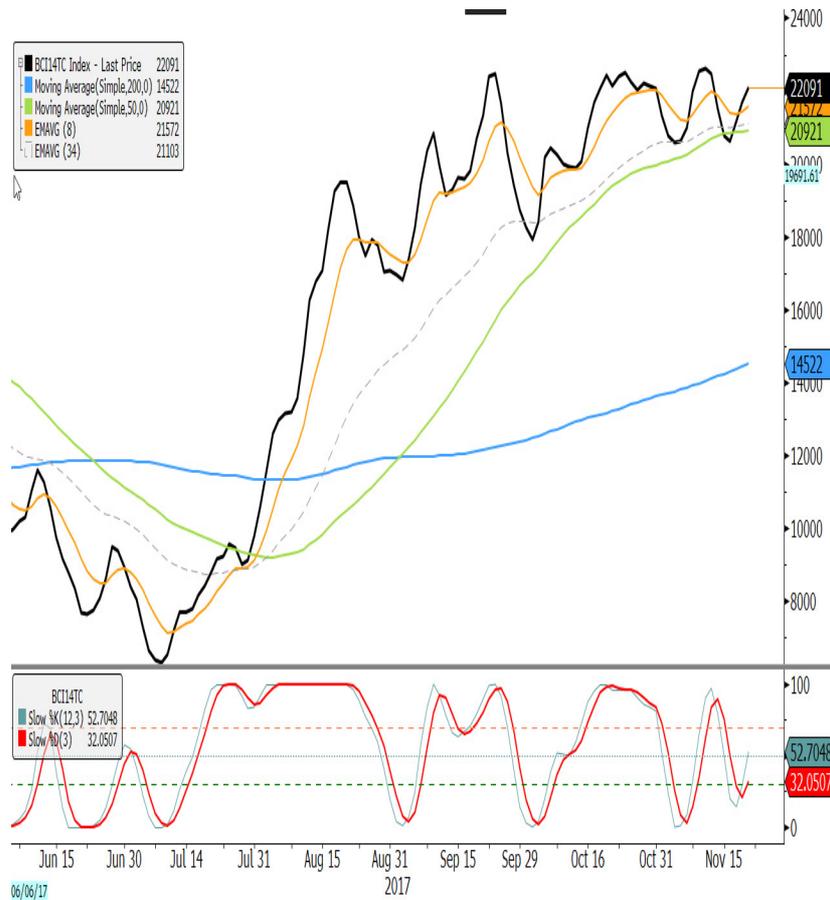
Support – 16,270, 16,035, 15,550

Daily stochastic is at 73

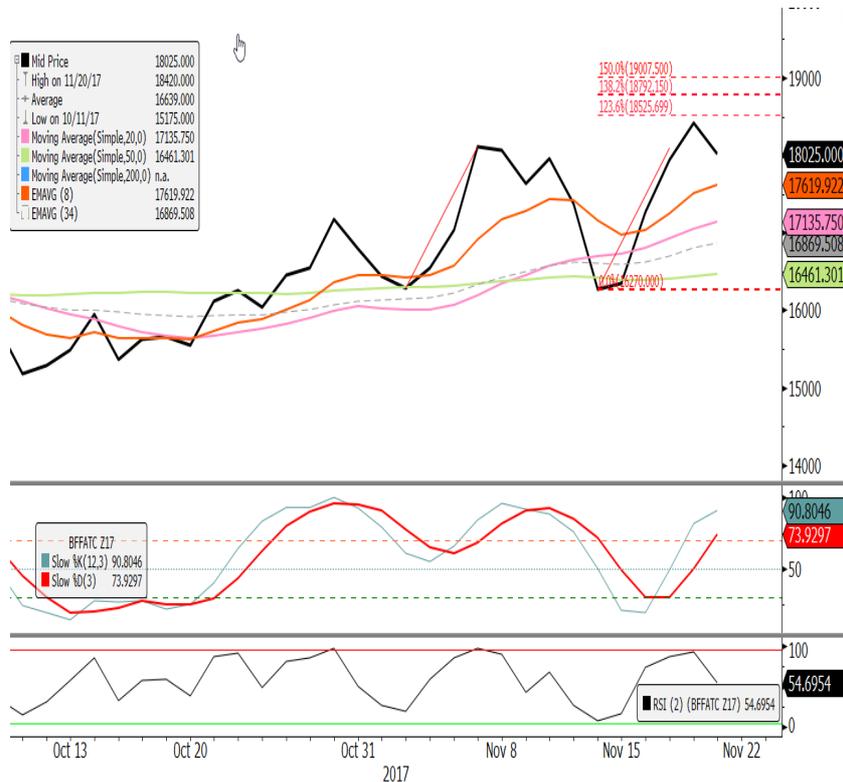
The new high close on the 20/11/17 triggered a bearish divergence with the stochastic. Not a sell signal it does warn of weakening momentum and has resulted in the Dec futures making a lower daily close.

Divergence aside the fresh market highs have put the technical back into a bullish trending environment, and at this point a market pullback is expected to produce a higher low.

Downside moves that close below the USD 16,270 support would neutralize the current upward move, and increase the probability of a lower high forming, and a potentially more sustained corrective phase.



Source Bloomberg



Capesize Q1 Daily

Resistance – 11,957, 12,451, 12,757

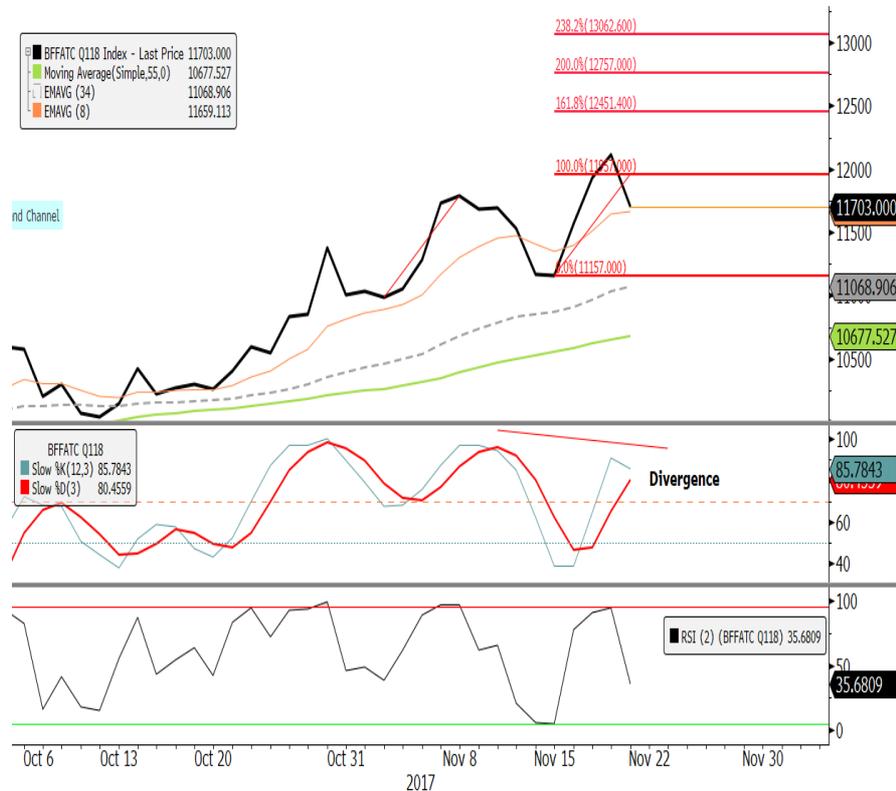
Support – 11,157, 10,983, 10,220

Stochastic is at 80

The Q1 18 futures continue to make higher highs and higher lows and remain in a bullish trending environment.

The recent ne high close has resulted in a bearish divergence forming. This does not mean the market top has been achieved, but it does suggest the current upward wave is entering a corrective phase.

Downside moves that close below the USD 11,157 support would suggest that this could be more than a corrective wave within a bull trend, and increase the probability of a lower high forming.



Capesize Cal 18 Daily

Resistance- 13,465, 14,567, 14,829

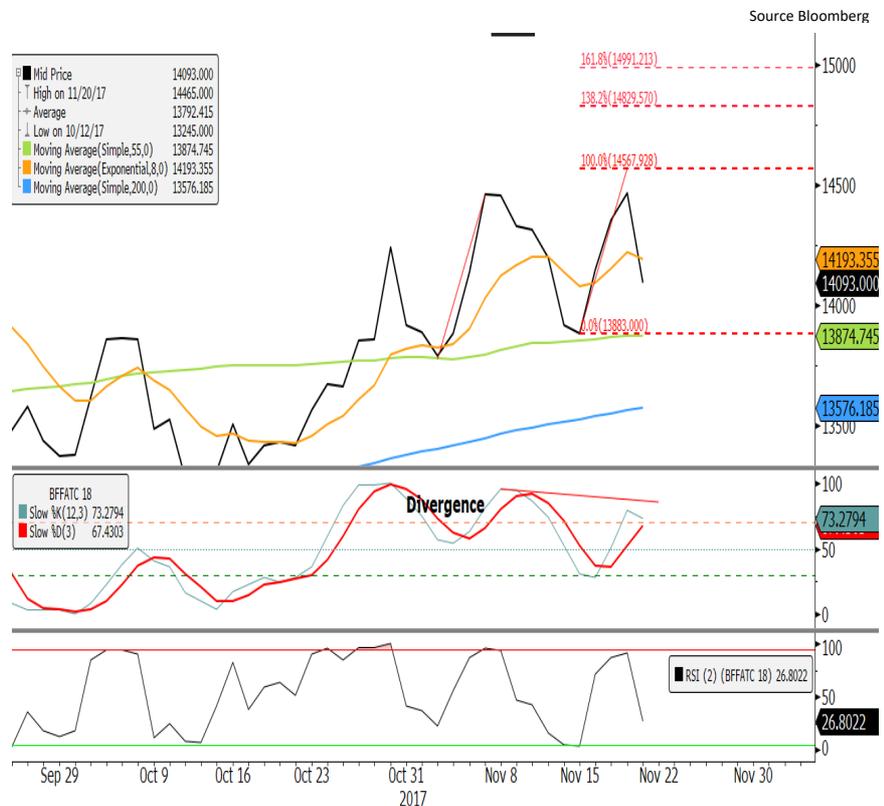
Support 13,883, 13,791, 13,340

Stochastic is at 73

In essence the Cal 18 technical is very similar to that of the Q1 18. The fresh market high has resulted in a bearish divergence and the bull technical has entered into a corrective phase.

Downside moves the close below the USD 13,883 support would weaken the technical and increase the probability of a lower high forming. However downside moves that hold above the current support level would suggest upside continuation.

Technically bullish but in a corrective phase.



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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