

FIS Technical - Panamax

Technical Analyst

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Highlights:

- **Panamax Index**- Technically bearish but approaching a key support level after 11 consecutive down days suggesting we could find support soon.
- **Dec** – The technical is currently bearish. However a large mean reversion gap has formed with the 50 period MA suggesting the market is a little oversold.
- **Q1** – the recent pullback looks bearish, however we have recently broken a key resistance and would be selling from a market high making this a high risk trade.
- **Cal 18** – A bull trend that has started to correct on the back of a bearish divergence. Caution on a close below USD 10,040.

Panamax Index Weekly

Resistance – 13,265, 13,877, 16,728

Support – 10,022, 9,538, 8,765

Stochastic at 0

The index is technically bearish based on it producing a lower low and lower high, and is now approaching a key technical support at USD 10,022.

The stochastic at zero represents a trending environment, however as we approach support we have now seen 11 straight corrective days, equal to that of the correction that started on the 19-9-17.

Market buyers will now need to see a higher low for buy entries as we are coming from a lower low. Upside moves that fail to close above USD 12,583 should attract technical sellers to the market looking for further downside continuation as this would suggest a bearish head and shoulders pattern is forming.

Technically bearish but approaching a key support at USD 10,022 after 11 down days suggesting a bounce is due.

Panamax Dec 17 Daily

Resistance – 11,250, 12,520

Support – 10,995, 10,620

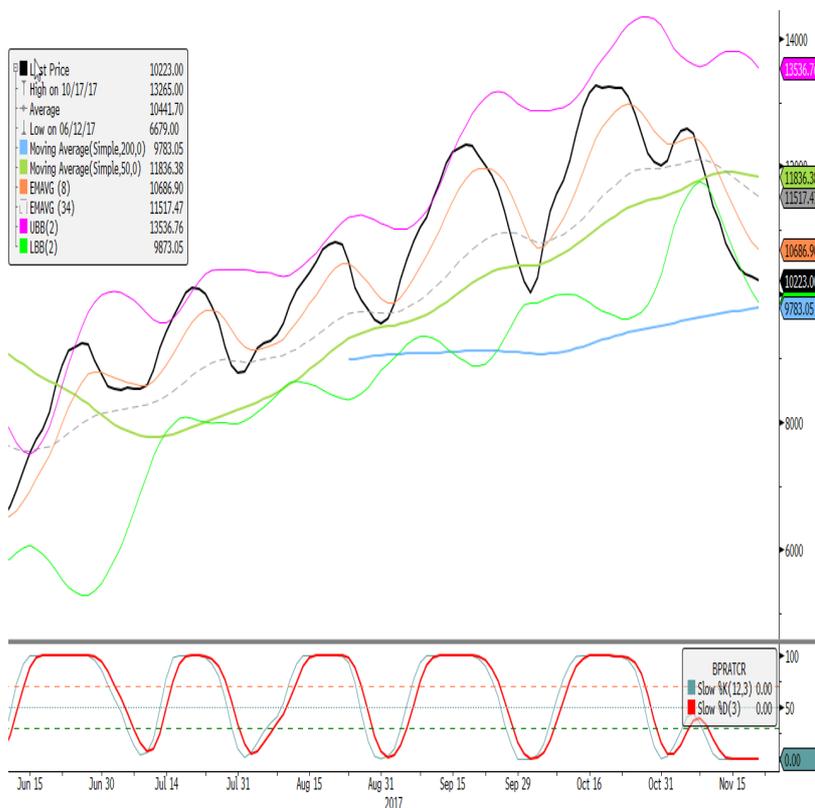
Stochastic at 11

The Dec futures continue to remain in a bearish trending environment and has recently reverted back to the 8 period EMA.

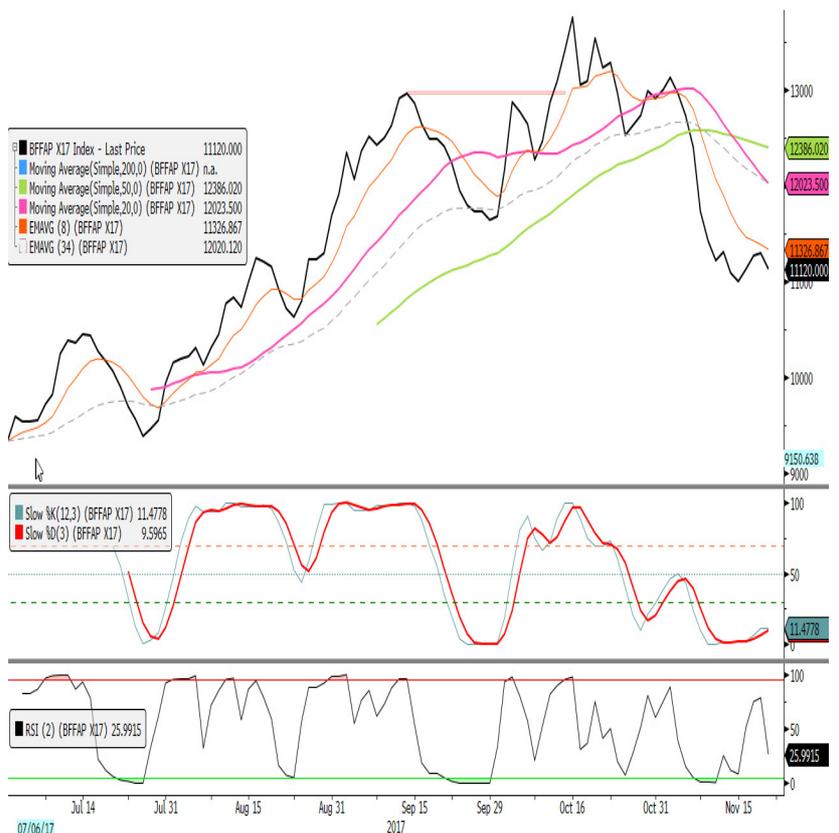
The rejection of the average does suggest downside continuation in the near term, targeting recent market lows, and potentially lower.

Although technically bearish, price action is showing a large mean reversion gap with the 50 period MA and this would suggest caution at these levels, and indicate that the market is looking oversold. This becomes more relevant as the index is looking to test a key support level.

Technically bearish, but looking a little oversold.



Source Bloomberg



Panamax Q1 17 Daily

Resistance – 9,972, 10,313

Support – 9,447, 9,090, 8,522

Stochastic at 39

On paper the Q1 futures look to have produced a technical sell signal due to the pullback in price yesterday. However we recently broke a technical high that had formed at USD 9,783 on the 13-11-17.

Market shorts need to be cautious due to the recent close above USD 9,783, as this has increased the probability of a higher low forming in the market. The market is technically bullish at this point.

Downside moves that fail to close below the USD 9,447 support should attract technical buyers into the market on the basis the trend will have confirmed a bull bias in the near term.

A close below the USD 9,447 support would increase the probability of a higher low forming and market longs should look to tighten risk at this point.



Panamax Cal 18 Daily

Resistance- 10,517, 10,586, 10,655

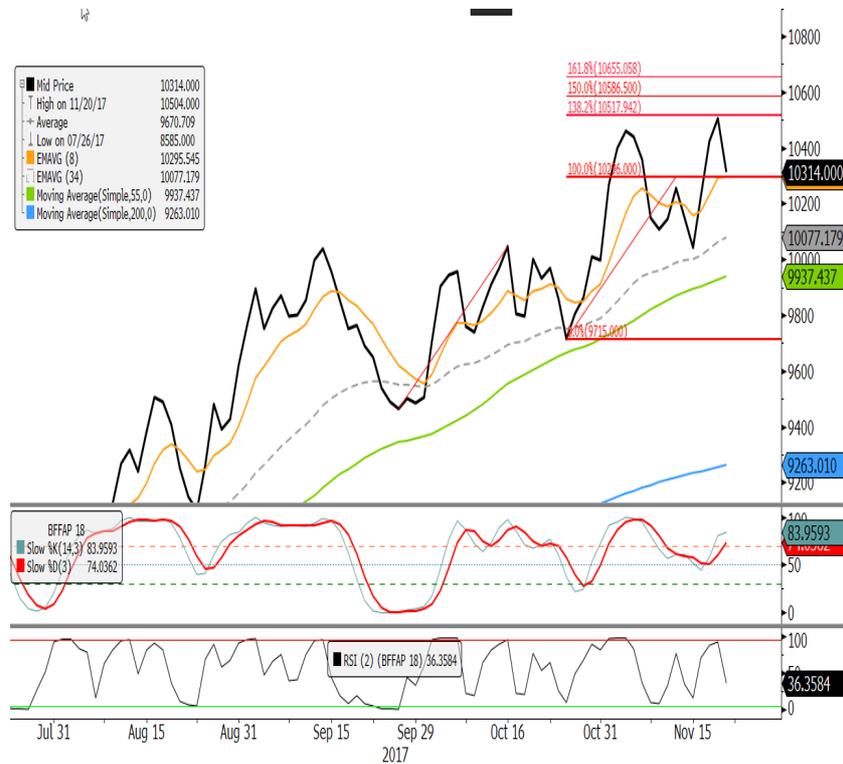
Support –10,040, 9,715, 9,465

Stochastic at 83

The Cal 18 futures are back in bullish territory having made fresh market highs, and will remain so above USD 10,040.

A recent bearish divergence with the stochastic appears to have been the trigger for yesterday's sell off, and is potentially the start of a corrective wave within the bull trend.

Downside moves that hold above the USD 10,040 support would suggest upside continuation. Likewise, a close below the support would increase the probability of a lower high forming and should attract technical sellers to the market.



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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