

FIS Technical - Panamax

Technical Analyst

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Highlights:

- **Panamax Index-** Technically bearish below USD 12,579 as we approach the Bollinger band after 10 consecutive up days on an overbought stochastic suggesting momentum could be weakening. However a close above USD 12,579 would put the index back into bullish territory (if not overbought) and increase the probability of a higher low forming on a market pullback.
- **Dec** – This technical is pretty dangerous. Upside moves would be counter trend based on the MA's and suggest upside is limited, meanwhile a fresh low would create a bullish divergence. Caution.
- **Q1** – Technically bullish, the recent aggressive sell off is a concern for market longs. Caution on upside moves from here.
- **Cal 18** – A near identical technical to the Q1 futures. Two day of downward price action covered seven days of upward movement. Technically bullish but the market is suggesting longs should be cautious.

Panamax Index Weekly

Resistance – 12,579, 13,265, 13,877

Support – 10,223, 10,022, 9,538

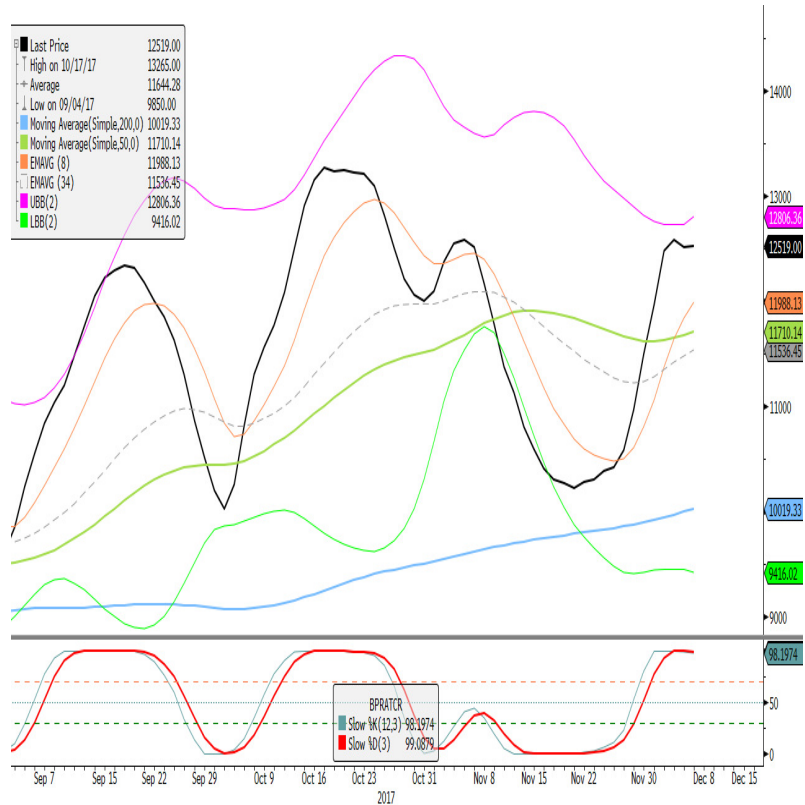
Stochastic at 98

As highlighted on the last report the index although technically bearish the Index was on a support zone, after 11 consecutive down days, resulting in a 23% rally.

Technically the index remains in a bearish below the USD 12,579 resistance level. Above this level the probability of a higher low forming increases, and with it a bullish trending environment.

The stochastic is now in overbought territory, and stalling near a previous resistance level, and the Bollinger band. Not a sell signal, the 10 consecutive up days would suggest that market longs should now act with caution, as there are signs that the index is exhausting.

Caution on a close below USD 12,412 as this could be an early sign that a corrective wave has begun.



Source Bloomberg

Panamax Dec 17 Daily

Resistance – 11,285, 12,520

Support – 11,100, 10,995

Stochastic at 47

The Dec futures remain technically bearish, however we have seen little downside follow through due to the mean reversion gap mentioned last week.

Upside moves above the USD 11,285 resistance would have bullish connotations. However, with price action below the longer term means this could be just a reversal within the bull trend, and those entering fresh longs need to pay attention to the 34 period EMA as this could act as a technical resistance.

Downside moves also come with a degree of risk as the stochastic has the potential to produce a bullish divergence, suggesting this may be a market to avoid at this point.



Panamax Q1 18 Daily

Resistance – 11,057, 11,577

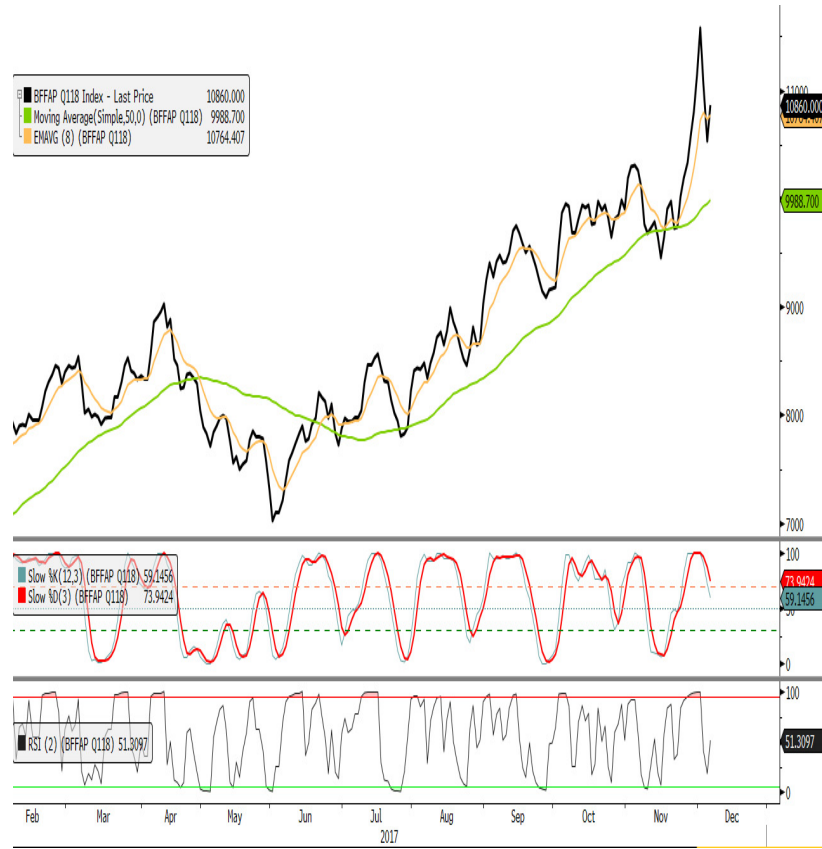
Support – 10,538, 9,720, 9,447

Stochastic at 74

Technically a bullish trend that is making higher high and higher lows, whilst above medium period moving averages.

Technically a close above USD 11,057 would suggest that we could see continued buying interest, looking to target the recent high of USD 11,577, and potentially higher. However a sell off of USD 1,000 in two days does warn that buying power is weakening at these levels, and although technically bullish the aggressive move down suggests sellers are willing to defend this area.

A close below the recent low of USD 10,538 would alert technical sellers of the potential for further downside. It's worth noting that a technical sell signal would come from above the 50 period MA which is a natural support, and often defines the longer term directional movement within the trend.



Source Bloomberg

Panamax Cal 18 Daily

Resistance- 10,866, 11,279

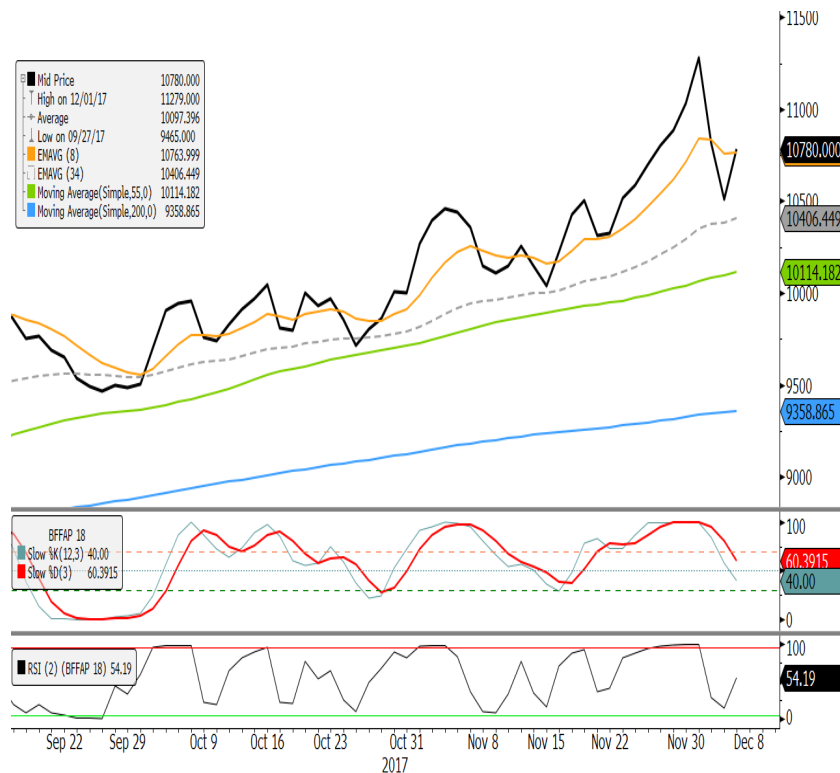
Support –10,506, 10,314

Stochastic at 83

Like the Q1 futures, the Cal 18 continues to remain in a bullish trending environment, above longer term averages and making higher highs and higher lows.

A close above USD 10,866 has bullish connotations from a technical perspective, as it would put price action above the shorter period averages. However, the recent 2 day sell off covered 7 days of upward price movement, and this would suggest buyers need to act with caution at these levels.

A close below the USD 10,506 support would suggest further downside and be regarded as technically bearish, signalled a possible reversion back to the 50 period mean.



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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