

FIS Technical - Supramax

Technical Analyst

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Highlights:

- **Supramax Index- Technically bullish we have concerns regarding the recent market pullback and the potential Elliott wave formation.**
- **Dec – This technical is starting to weaken having made a lower low after an aggressive two day pullback. Needs to produce fresh market highs to regain bullish momentum.**
- **Q1 – Technically neutral as price action is bearish but above the longer term means. From a technical perspective higher probability buy scenarios come from higher highs and higher lows.**
- **Cal 18 – Very similar to the Q1 futures. The Cal 18 is in bullish territory but making lower lows.**

Supramax Index Weekly

Resistance – 11,891, 12,643, 13,594

Support 10,045, 9,081

In terms of price action the corrective phase in the Supramax has been greater in time and price than at any point since June. From a technical perspective this sets of an alarm bell, suggesting a potential change in trend could soon be upon us.

Key support at USD 10,045 has held, and at this point the trend remains in bullish territory. However a five wave bullish pattern has formed, this has been followed by its strongest corrective phase in 5 months.

Elliot wave can be subjective, however we have to highlight that this could be entering leg B (the bullish wave within a corrective cycle) within the cycle, even if we remains in bullish territory at this point.

Fibonacci resistance can be found at USD 10,790, USD 11,001 and USD 11,211.

Technically bullish, Elliot aside, the depth of the corrective wave is enough to question the market strength.

Supramax Dec 17 Daily

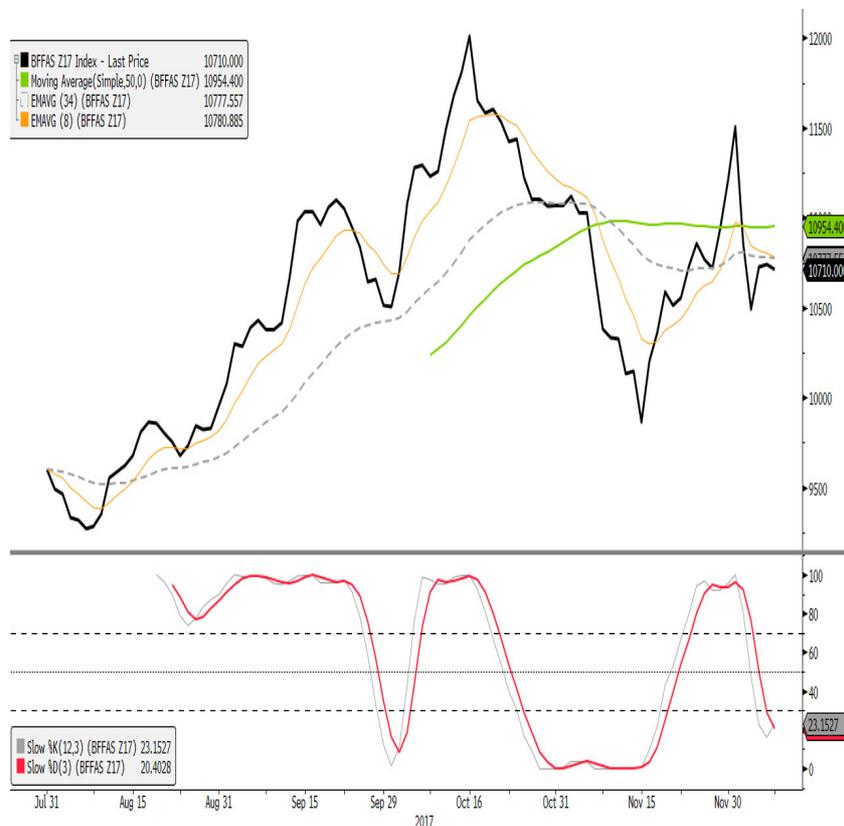
Resistance- 11,505, 12,010

Support 10,510, 9,865

The Dec futures are currently in a corrective phase having recently made a fresh market low, and at this point will remain so below USD 11,505.

From a technical perspective the lower low would suggest the probability of a lower high forming, and market longs should remain neutral at this point. We also have concerns at the ferocity of the two day corrective phase, as this would suggest buying support has withdrawn from the market at this point.

Technical support can be found at USD 10,510 and this is a key support for market sellers as it is the recent market low and a natural downside target in the near term. Failure to trade below this level should have market shorts looking to tighten risk.



Supramax Q1 Daily

Resistance – 10,038, 10,134, 10,537

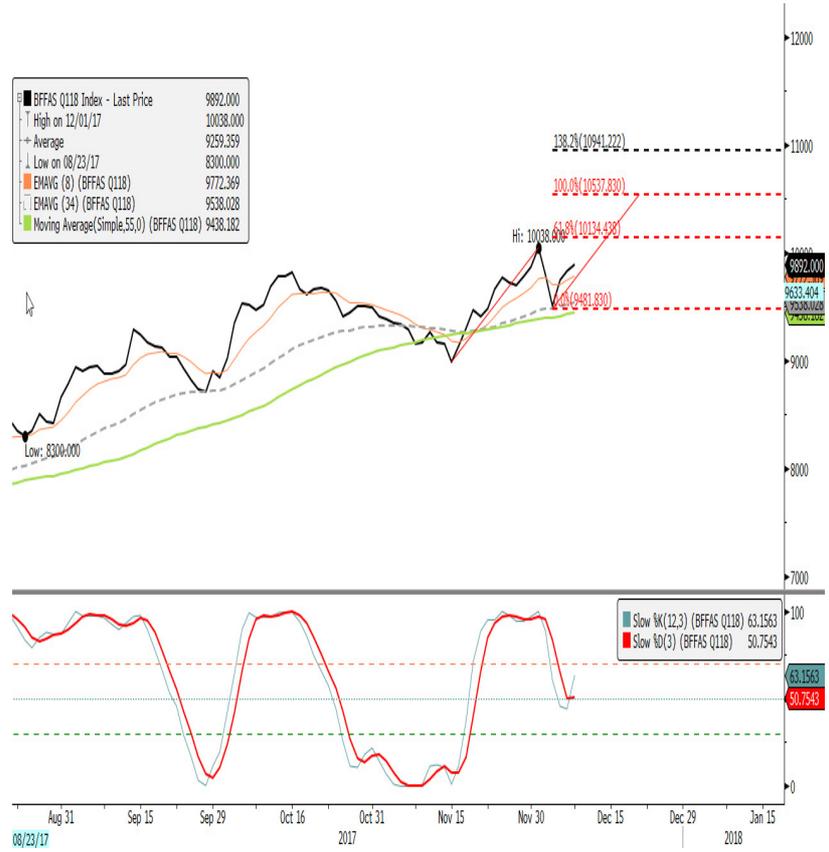
Support – 9,481, 8,982

The Q1 18 futures remain in bull territory as it is above key averages. However a strong pullback suggests there is selling pressure at higher levels, and this is supported by the stochastic. A fresh market high would probably signal a bearish divergence, not a sell signal it does warn of weakening market momentum.

The recent market pullback has now created a lower low in the market making this a higher risk entry from the buy side from a technical perspective. A higher high that holds above the recent market low is a more preferable entry area.

A lower high from here would suggest a corrective wave down, however we remain above the 34 period EMA and 50 period MA so market shorts should regard any sell entries as short term counter trend plays until these averages are broken.

Technically this market looks neutral at this point as the bearish price action is countered by the averages.



Supramax Cal 18 Daily

Resistance- 10,291, 10,742

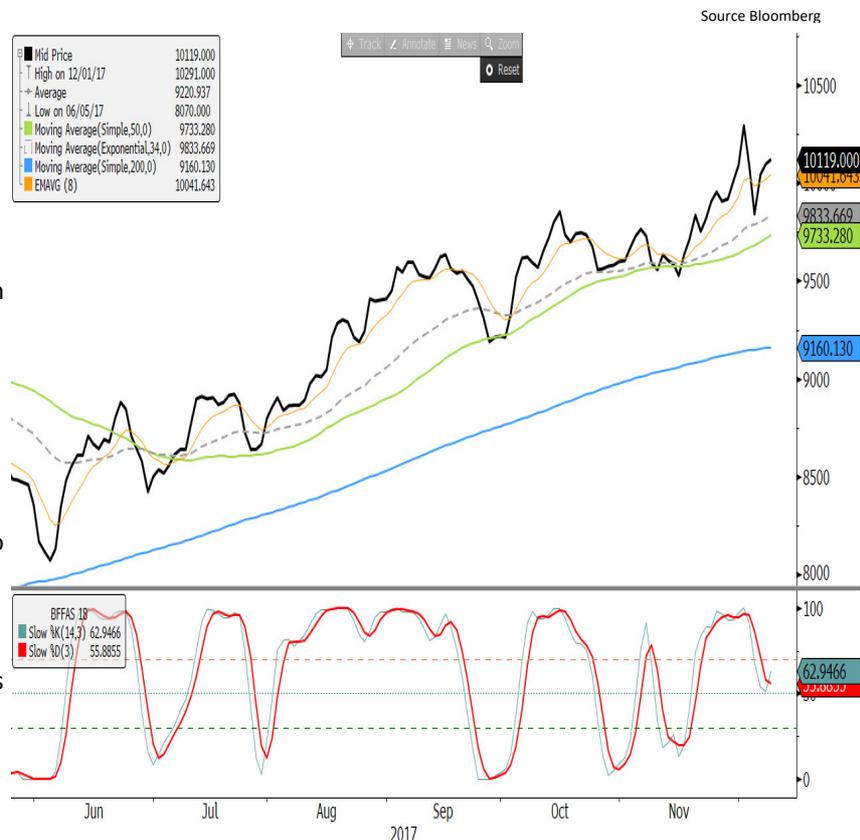
Support – 9,839, 9,526

A very similar technical to the Q1 18 futures. We remain above key averages, and this would suggest there is strength in the underlying market. However, the recent two day pullback was aggressive and has made a lower low.

From a technical perspective the lower market low would suggest there is a higher probability of a lower high forming and this makes it a dangerous area for long entries. This is supported by the stochastic, which at 55 has the potential to produce a bearish divergence, if a fresh market high is achieved.

For market sellers a lower high could attract technical sellers but this would be above the medium term MA's and should be considered counter to the long term trend.

Again a neutral market at this point unless we make fresh market highs of close below the averages.



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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