

FIS Technical - Capesize

Technical Analyst

Edward Hutton

44 20 7090 1120

Edwardh@freightinvestor.com

Client relationship Manager

Divya Taank

44 20 7090 1120

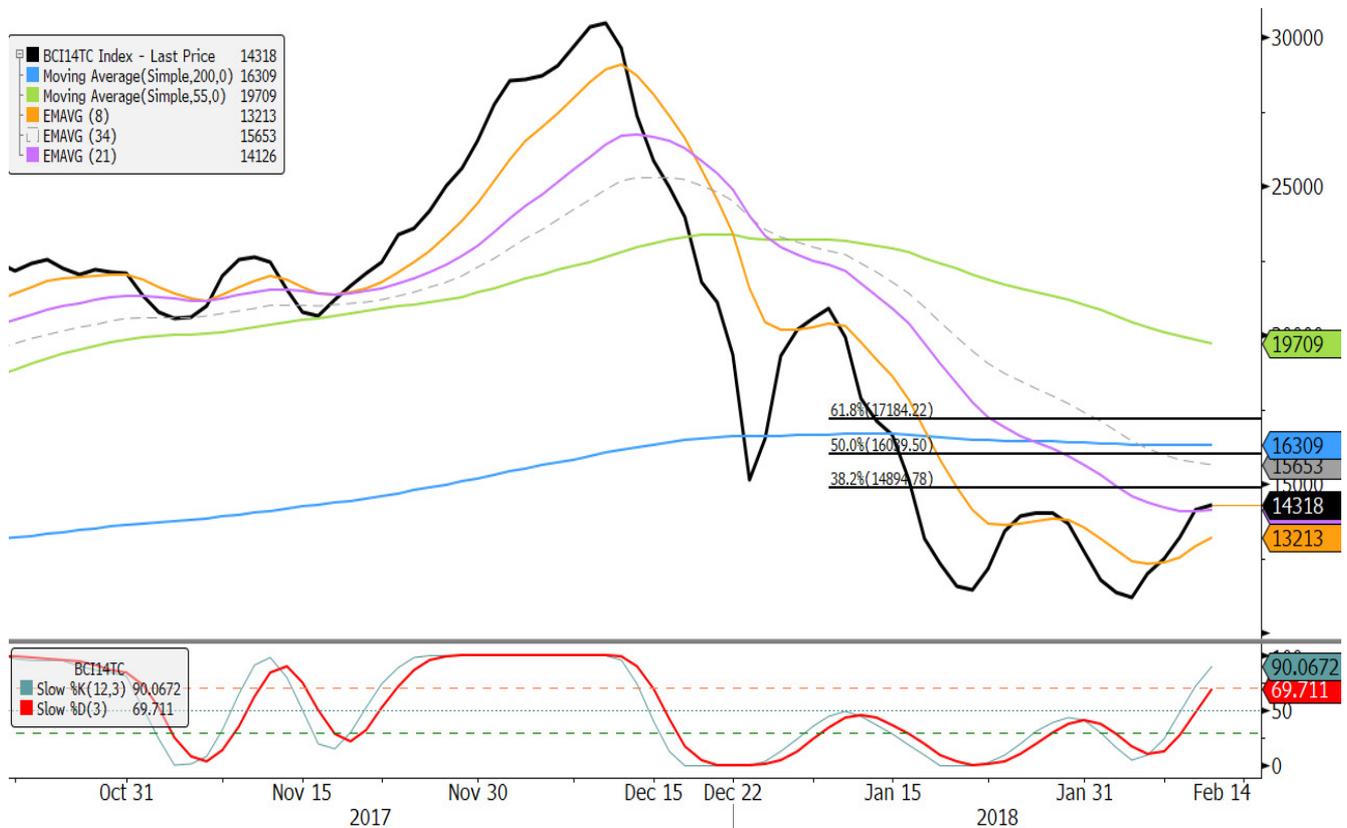
DivyaT@freightinvestor.com

Highlights:

Little has changed in the Capesize index since last week, the higher high would suggest the technical could be firming. However, we remain below the shorter period averages with the stochastic approaching 70 implying more needs to be done for the technical to be considered as bullish.

From a futures perspective we remain below Fibonacci resistance levels with the stochastics in overbought territory. Futures trends remain technically bullish but overstretched, suggested near term market pullbacks are due.

Capesize Index Daily



Resistance – 14,894, 16,039, 17,184

Source Bloomberg

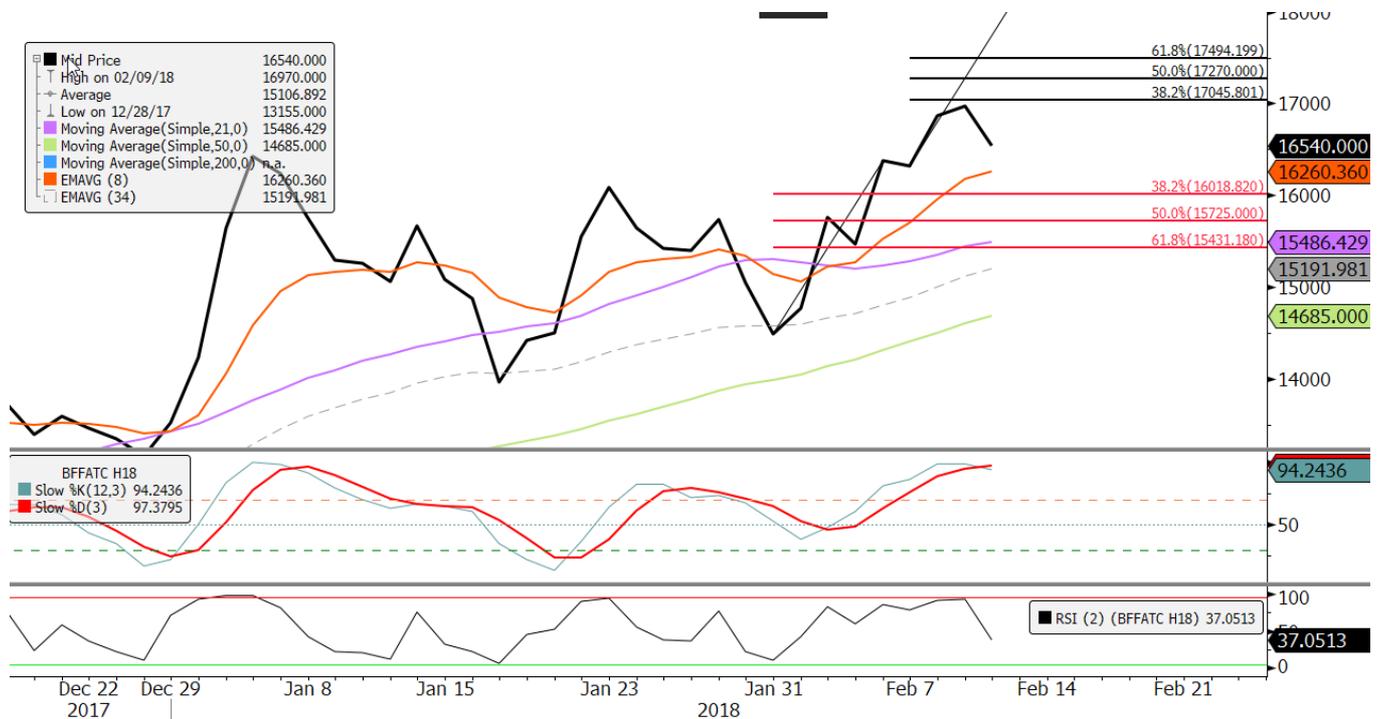
Support – 11,189, 11,087, 6792

Little has changed since last weeks technical report. The Capesize index continues to remain in bearish territory with the 8 period EMA remaining below the 21-period average. However, as highlighted last week the index has made a new high suggesting the technical argument could be firming.

Market pullbacks that hold above the USD 11,189 level would create a higher low adding weight to the bull argument. In the near term the stochastic is now at 69 with the first Fibonacci resistance at USD 14,894 with further resistance up to USD 17,184 suggesting the current upward wave could soon start to struggle at these levels.

Downside moves below USD 11,189 would create a lower low and be considered as bearish going forward.

Capesize March 18 Daily



Source Bloomberg

Resistance – 17,045, 17,270,17,494

Support – 16,018, 15,725, 15,431

Last week we highlighted that the stochastic was overbought at 88 as we approached the USD 17,045 resistance, which at this point has held, with the March futures in the early stages of a market pullback.

From a technical perspective the March futures remain in bullish territory above that USD 14,480 as this is the most recent significant low within the current trend. However, Fibonacci support levels have now been revised to between USD 16,018 – USD 15,431 and these will be important levels to watch.

The stochastic remains in overbought territory at 97 implying the market needs to pullback more in the near term, as upside moves at this point could have limited upside.

Downside moves that trade below the USD 14,840 would negate the current bull move as lower lows often have bearish implications going forward.

Capesize Q2 18 Daily



Source Bloomberg

Resistance – 18,124, 18,766, 20,880

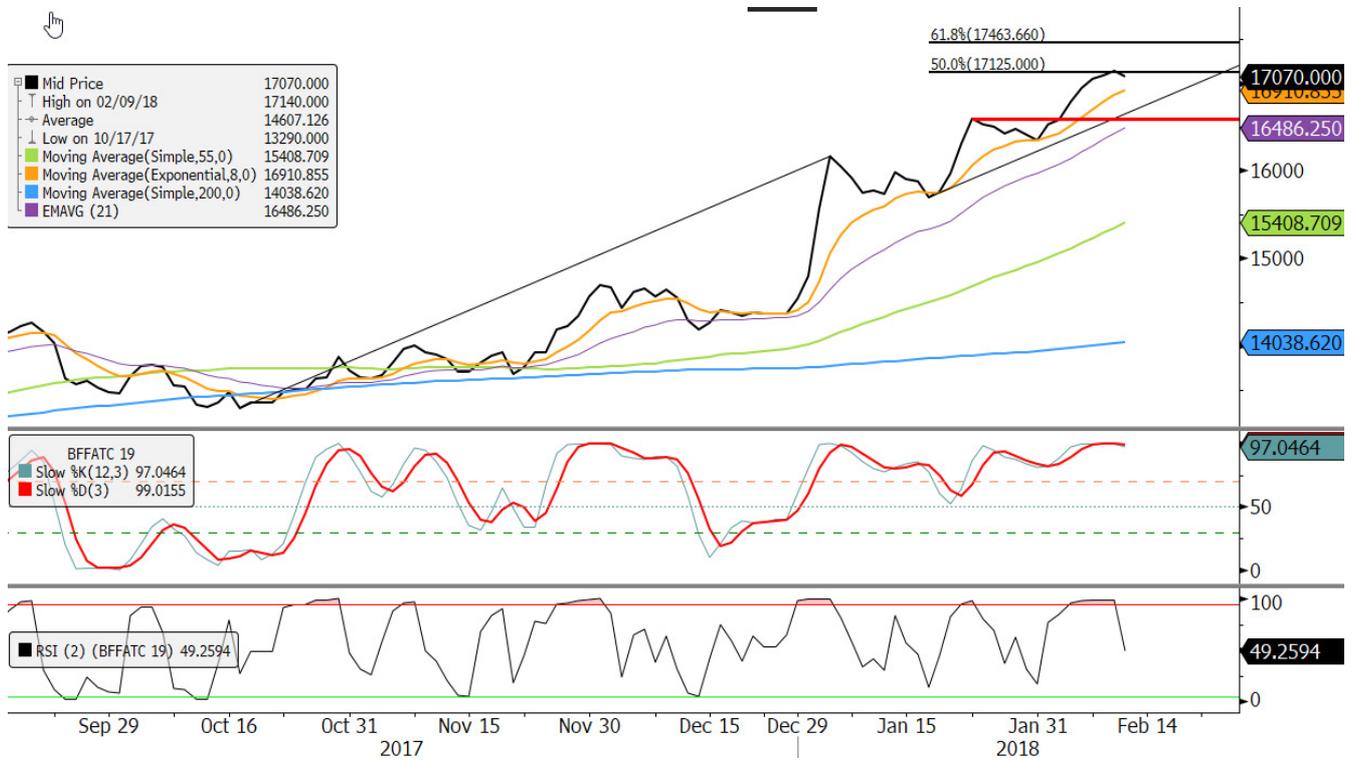
Support – 16,965, 16,296, 15,440

The stochastic looked overextended at 97 last week and is now at 99. The trend in the Q2 futures remains bullish and above the shorter-term averages but below recent technical resistance levels.

Key technical support is at USD 16,296 as this was the most recent significant low, market pullbacks that trade below this level could have bearish implications going forward, or at the very least neutralize the current bull move.

USD 16,965 is another significant support level as this was a previous double top. Market pullbacks that hold above this level would suggest another bullish move is possible. However, if it fails to make a new high this would suggest that we could be entering into a corrective phase.

Capesize Cal 19 Daily



Resistance – 17,125, 17,463, 18,560

Source Bloomberg

Support – 16,350, 15,690, 14,695

The Cal 19 futures are currently testing the first of the Fibonacci resistance levels at USD 17,125 which although broken briefly (by 15 USD) price action is once again below it.

Technically the current trend is bullish, but the stochastic at USD 99 would suggest that we need to see some form of technical pullback from the current resistance level. Key support remains at USD 16,350, a close below this level would create a lower market low within this bull phase and have potentially bearish implication going forward.

Upside moves from here could struggle without a momentum pullback in the stochastic, with USD 17,463 being the key resistance to the upside at this point.

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.

For More information on this report please contact:

Edward Hutton

Tel: +44(0)20 7090 1121

E-mail Edwardh@freightinvestor.com