

FIS Technical – Zinc Rolling 3 Month

Highlights:

Price action is technically corrective below all key moving averages whilst making lower lows and lower highs.

The stochastic is now oversold with Friday's candle producing a Doji cross signalling indecision in the market and the potential for a momentum slowdown.

A close on the daily chart above USD 2,328 would be above the weekly pivot point suggesting upside momentum is increasing in the near-term. However, price action that fails at or below USD 2,438 remains vulnerable to further downside moves. This is supported by the short- and medium-term averages which are pointing lower implying upside moves could be countertrend.

FIS Technical – Zinc Rolling 3 Month



Resistance – 2,328, 2,373, 2,438

Source Bloomberg

Support – 2,283, 2,261, 2,216

Current Price 2,312

Bull Argument

- Oversold stochastic

Bear Argument

- RSI below 50

Synopsis

- Price below all key moving averages
- RSI below 50
- Stochastic oversold
- Previous candle signaled indecision on the form of a Doji
- Upside moves that fail at or above the USD 2,438 resistance would be considered as technically weak; above this level the pullback would be considered as deep and neutralize the current bear phase
- The 8 – 21 period EMA's and the 55 period MA are now pointing lower suggesting upside moves would be considered as counter trend and have a greater chance at holding at resistance levels

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