

FIS Technical - Capesize

Technical Analyst

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Highlights:

- **Capesize Index- Technically bullish, both the weekly and daily stochastic are in overbought territory. Not a sell signal it does suggest another corrective wave is due.**
- **Oct – Currently in a corrective phase with support at USD 18,400, ultimately we remain bullish above USD 17,260 unless a lower high forms.**
- **Cape Q4 17 – The Q4 futures have started a corrective wave, we remain bullish above USD 17,060,**
- **Cal 18 – Remains above the current trend line with USD 13,673 the key technical support. Currently in a corrective phase, if support holds then USD 14,271 would be the logical target. Failure to close above this level will have technical sellers looking for entry opportunities.**

Capesize Index

Resistance – 21,558, 27,866

Support – 16,819, 15,493, 13,340

Resistance at USD 21,558

Support 16,819

Weekly stochastic in overbought territory

Daily stochastic in overbought territory

The oversold stochastic on the daily has resulted in an upward move last week, and new highs were achieved. Technically bullish, both the weekly and daily stochastics are now in overbought territory. This is not a sell signal as price remains the lead indicator, however it does warn that the index is starting to look a little overextended once again.

A close below USD 16,819 would neutralise the current bull trend, however market sellers should look for a lower high for anything other than mean reversal entries at this point.

Market pullbacks that hold above USD 16,819 would suggest upside continuation, as would a weekly close above USD 20,657 as this would be considered as a technical breakout.



Capesize Oct 17 Daily

Resistance – 20,010, 20,165, 20,828

Support – 18,400, 17,260, 16,665

Resistance USD 20,010

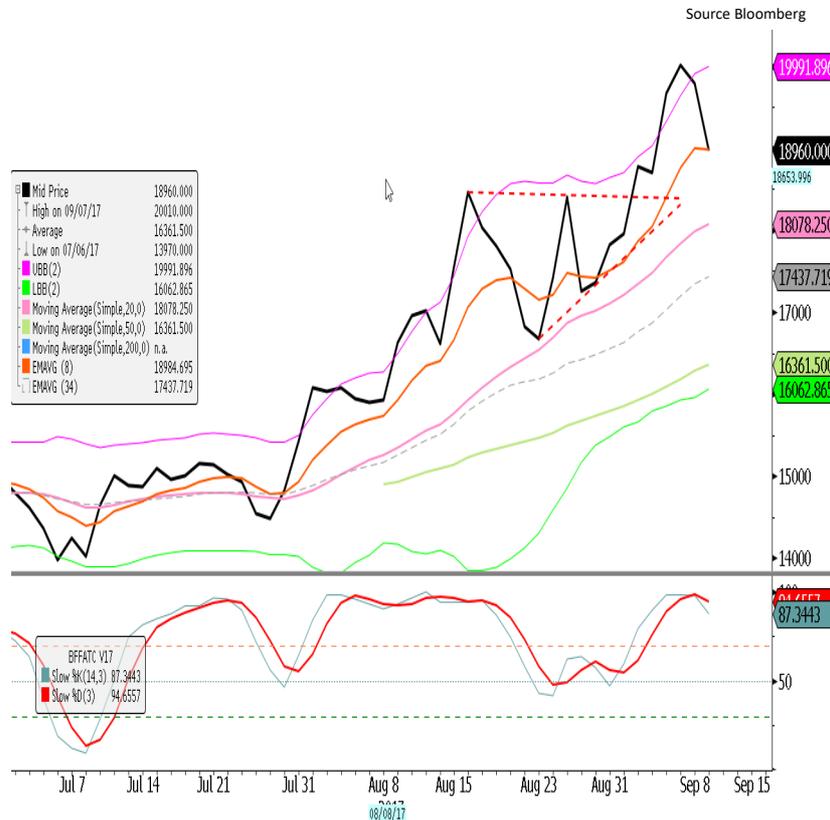
Support USD 17,260

Daily stochastic at 87

Having broken out to the upside in the October Cape futures the stochastic has now entered overbought territory indicating that momentum is slowing down and a corrective wave has begun.

Technically we remain bullish due to the higher highs and higher lows. USD 18,400 is now a key support as the market needs to confirm that the previous resistance is now acting as a support. A close below this level should have market longs looking to tighten risk, however ultimately the trend remains bullish above USD 17,260, unless a lower high is formed.

If support holds then the upside target is USD 20,010, failure to make a new high should attract technical sellers to the market.



Capesize Q4 Daily

Resistance – 18,777, 18,940, 19,267

Support – 17,675, 17,060, 16,375

Resistance USD 18,777

Support USD 17,060

Stochastic at 92

The upside breakout last week resulted in a bearish divergence forming, however it took 3 days before the Q4 futures hit their highs and moved a further USD 800 before reversing.

We have now entered into a corrective phase, with technical support at USD 17,675 and USD 17,060. Technically we remain bullish above USD 17,060.

Market sellers need to see a lower high form before entering at this point. If price remains above the USD 17,060 level then the nearest upside target will be the recent high at USD 18,777. Failure to achieve a close above this level should attract technical sellers to the market.

Note the short period RSI is pulling back faster than price at this point. Implying we have the potential for another upside move. New highs will be needed to remain bullish.

Capesize Cal 18 Daily

Resistance- 14,271, 14,485, 15,150

Support 13,950, 13,814, 13,673,

Resistance at USD 14,271

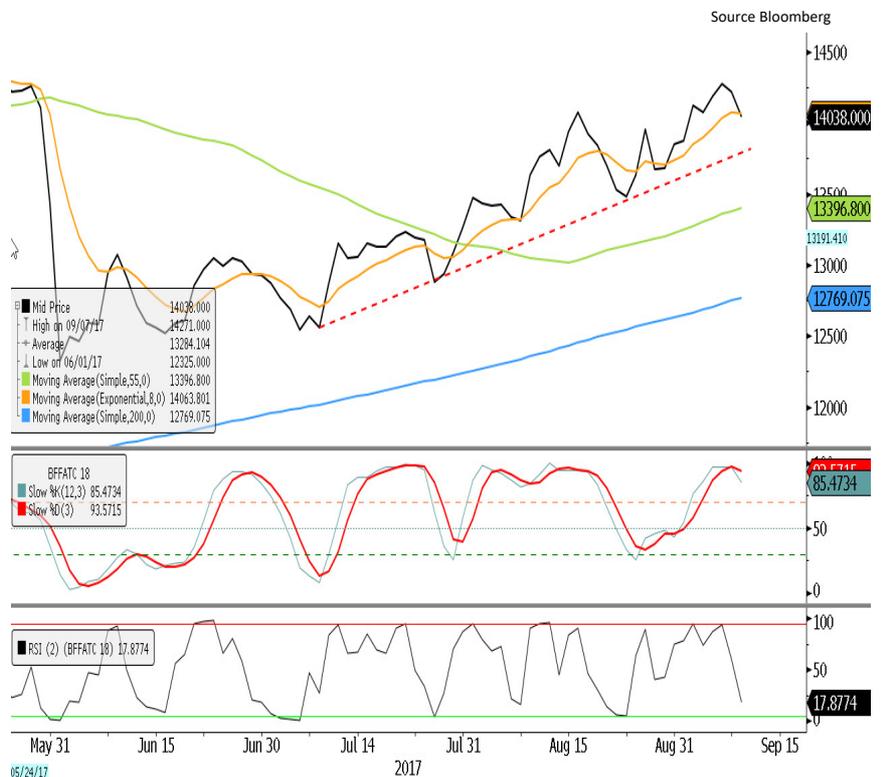
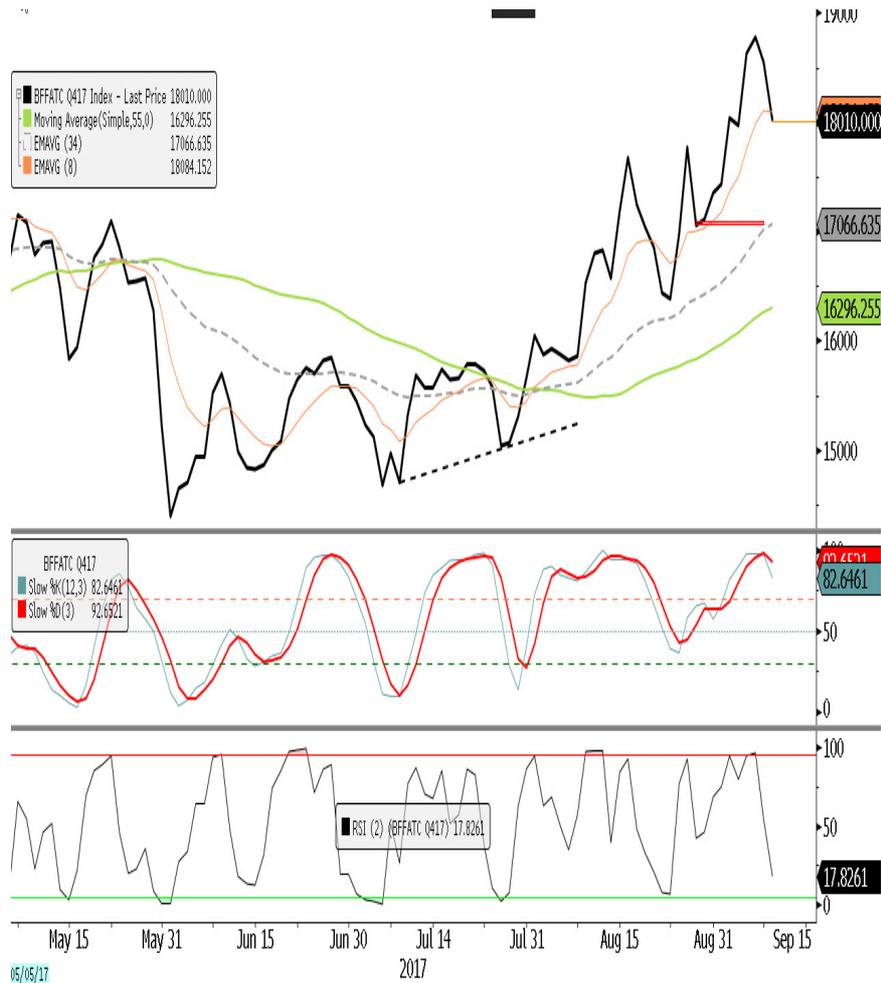
Support at USD 13,673

Stochastic at 93

The close above USD 13,950 put the Cal 18 futures in bullish territory, and new highs were achieved. The stochastic is now in overbought territory but above 70 remains bullish.

Market buyers should look for technical support around the trend line at USD 13,814. However we remain bullish above USD 13,673. Below this level the trend becomes neutral and the probability of a lower high forming increases.

Upside moves that fail to make a fresh high would suggest the trend bias is turning bearish.



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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