

Panamax

USD 649 higher in the index today at USD 28,603; the recent upside move in the futures has sparked some activity in the physical, meaning momentum is bullish based on price, if we trade above USD 29,410 the index will have created a higher high and be bullish. The June futures opened bid again with price trading to high of USD 30,375, meaning the first of out fractal resistance levels have been broken. However, the new high has created a negative divergence with the RSI, not a sell signal, it will need to be monitored as momentum has the potential to slowdown. As noted yesterday, USD 33,625 is the key level to follow as that will confirm the daily technical is bullish impulse, the daily candle today is currently looking like a small bearish rejection candle into a bullish gap. if we stay like this into the close then futures could be vulnerable to a test to the downside tomorrow. Be alert for a downside gap, if we get one, we are looking at an island reversal pattern. Technically bullish above a bullish gap, the close is warning we could daily candle is warning we could move lower.

Supramax

On the morning technical I gave a visual why I was skeptical of the current bull move in the futures, to be balanced I have given two sides to this argument and highlighted that there is always the potential that this upside move could become a bullish extended wave 3. I must work with what is in front of me, so unless USD 38,000 is broken I will be keeping a longer-term bear hat on for the moment. The index is up another USD 142 at USD 30,336 whilst the June has closed USD 375 higher at USD 32,875. However, if you look at the daily candle you will see the futures have opened on their high and closed on their low, not a bullish candle. We do have a bullish breakaway gap below us that is in theory a support zone; be alert for a potential island reversal pattern here as well, just in case.

Oil

Oil fluctuated as sinking equities and souring risk sentiment tugged the market lower even as US government data showed inventories continue to tighten. West Texas Intermediate fell to around \$112 a barrel, as broader risk off sentiment outweighed bullish signals. U.S. crude stockpiles dropped 3.4 million barrels last week, according to an Energy Information Administration report Wednesday. Meanwhile, gasoline stockpiles fell 4.7 million barrels, exacerbating tightness in products market. "The market is extremely volatile so any little news or stock market sell off" can cause outsized swings in crude markets, said Dennis Kissler, Senior Vice President of Trading, BOK Financial. "The fundamentals remain bullish (Bloomberg). Intraday wave analysis this morning had warned that downside moves could be countertrend, whilst momentum had looked vulnerable to another test to the downside. The futures moved lower and are now testing the 1-hour 200-period MA (USD 109.60). The wave count is probably damaged in the near-term due to the depth of the pullback, but we remain bullish above USD 108.84 and bearish below. If we close below USD 111.09 (looking likely as we are trading at USD 109.91) then we have the potential to see further weakness tomorrow.

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