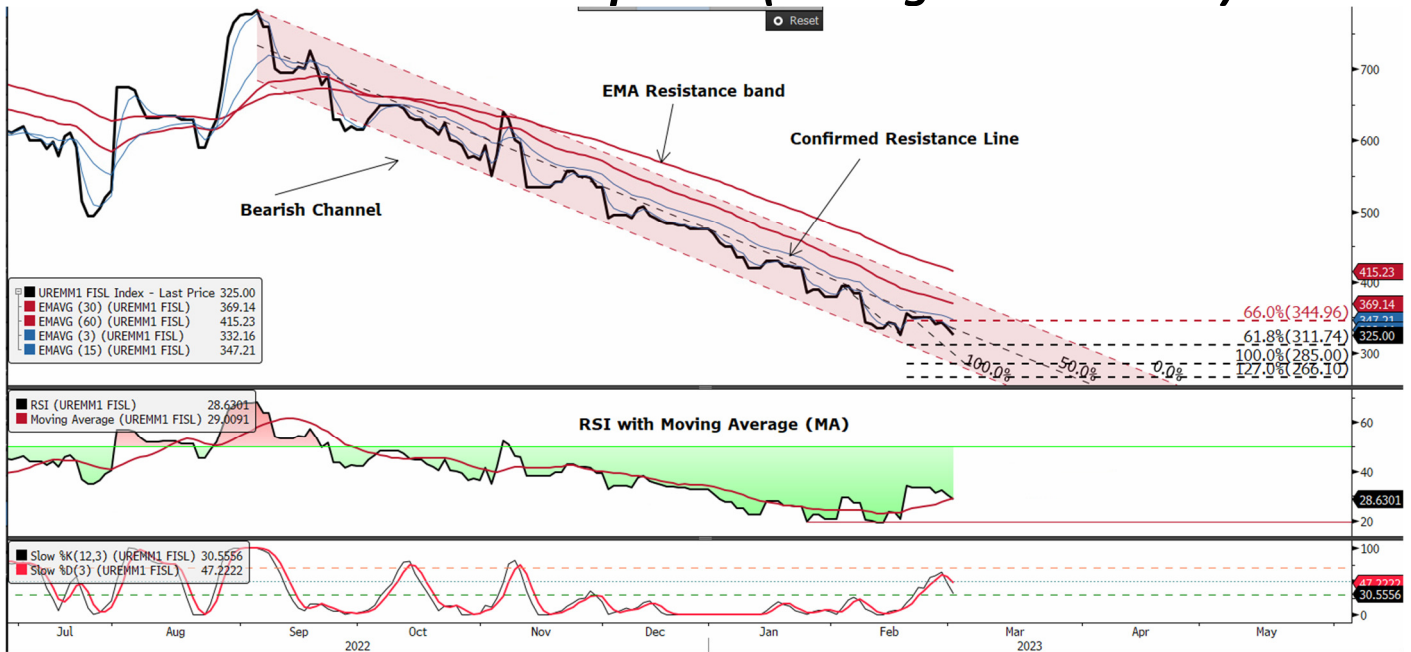


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Urea Middle East April 23 (Rolling Front Month)



Synopsis - Intraday

- Price is below the EMA resistance band (Red EMA's)
- RSI is below 50 (28)
- Stochastic is below
- Price is below the weekly pivot point (USD 343)
- We remained in a bearish trending environment last week with the RSI having recently held support alongside the futures holding the base line of the bear channel. We had key resistance at USD 374; however, the confirmed resistance line (highlighted on the chart, mid-point of the channel) was at USD 359 (this dropped lower each day). If we closed above and hold above this resistance line, it would warn that the USD 374 and potentially the USD 395 levels could be tested and broken. Countering this, further rejection of the trend line would suggest downside continuation. We had a small dip lower for a day or so before price traded back up to and rejected the trend resistance line (high USD 355), as noted, the rejection of the trend line signaled downside continuation, resulting in the futures trading back down to the USD 325 low. Price is below the EMA resistance band and the weekly pivot point supported by the RSI below 50.
- Upside moves that fail at or below USD 344 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 355 is the technical bullish based on price.
- We are technically bearish with price on the USD 325 support; however, below USD 325 the futures will create a positive divergence with the RSI (Positive divergence = Price making a new low whilst the RSI does not). This is not a buy signal, but it is a warning that we could see a momentum slowdown on a new low, suggesting caution on downside breakouts. We also note that the MA on the RSI is rising, implying sell side momentum is slowing (note, the RSI is also above the MA). For this reason, although bearish, the futures are not considered a technical sell at these levels, as there are warning signals that the trend is exhausting.

Source Bloomberg