



Urea (Granular) FOB US Gulf Futures

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Urea July 26



	Support	Resistance	Previous Close	Bull	Bear
S1	335	R1	499		RSI below 50
S2	314	R2	545		
S3	292	R3	606		

Synopsis - Intraday

Source Bloomberg

- Price is below the 30 - 60 period EMA's
- RSI is below 50 (23)
- 14—period Directional Market Index (DMI) -
- Technical outlook previously: Upside moves considered as countertrend
- We noted previously that with no significant upside move the futures looked to have produced a 5 wave pattern lower, suggesting we could be looking at a 5-3-5 A, B, C corrective pattern. This indicated that the next wave higher was likely to be a countertrend Elliott wave B, in theory, an upside move should consist of either 3-waves, or a variation of (i.e. a double 3, known as W, X, Y). The futures are now in a bearish trending environment, highlighted by the ADX at 36. Providing pullbacks remain below the USD 640 resistance, we would have a cautious view on higher moves.
- The futures continued to sell lower with price below all key moving averages while the RSI is below 50.
- Upside moves that hold at or below USD 606 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Cautious on downside moves
- With no significant pullback having developed, I am beginning to wonder whether the high of USD 577 on 15/05 was in fact a very shallow Wave B. The only reservation is that it did not exhibit a clear three-wave structure, although this may simply be a consequence of working with closing-price data rather than intraday prices. What we can see is that the move lower from the high of USD 577 consist of 5-waves; we also note that the futures are now in divergence with the RSI. Not a buy signal, it is a warning that sell side momentum is slowing, which needs to be monitored. From a technical perspective, 5—waves down followed by divergence means we are now caution on lower moves at these levels.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com