FIS

Supramax Technical Report

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

Index

Technical outlook: RSI resistance

The RSI is now testing a resistance zone while buyside pressure in the index is slowing, warning we are becoming vulnerable to a move lower. A close below the weekly pivot level at USD 20,481 would warn that the futures are potentially entering a corrective phase, while a close and hold below the trend support line at USD 20,077 would indicate sell side pressure is increasing, warning support levels could be tested. Throwbacks below USD 19,059 will reduce the probability of price trading at a new high. Due to the RSI resistance we are now cautious on upside moves.

Nov 26

Technical outlook: Testing polarity support

Near-term price action is weakening supported by the RSI moving below 50, meaning we have negative velocity and negative acceleration. However, price is testing the polarity support between USD 20,765—USD 20,250, indicating caution is warranted while testing the support zone. If we hold the support area, than resistance levels would be considered as vulnerable; likewise, for downside continuation we would need to close and hold below the USD 20,250 level.

Q4 26

Technical Outlook: Neutral

The RSI is making new lows but price is not, meaning we have a positive reversal pattern in play, warning there remains an underlying support in the market. Throwbacks below USD 20,350 would mean that both price and the RSI would have made a new low, signaling bearish momentum confirmation, at this point, support levels should be considered as vulnerable. The failed swing high is warning that the USD 20,350 support is vulnerable, this is contradicted by the positive reversal pattern that suggests caution on lower moves, meaning that in theory the technical is considered as neutral. However, with the index slowing, and the q4 trading at a small premium, if the index rejects its RSI resistance, then it could push price below the USD 20,350 support.

Cal 27

Technical outlook: Sell side pressure increasing

The move below the USD 16,150 fractal support confirms price is in a corrective phase, bearish momentum confirmation supports the weakening price action. Our Elliott wave analysis does indicate that the broader trend remains bullish, suggesting throwbacks should be considered as corrective and not bearish. However, if this is a higher timeframe correction (we think it is), then in theory, we should be looking at a 3-wave corrective pattern, implying upside moves could struggle to hold in the near-term.

Supramax Index

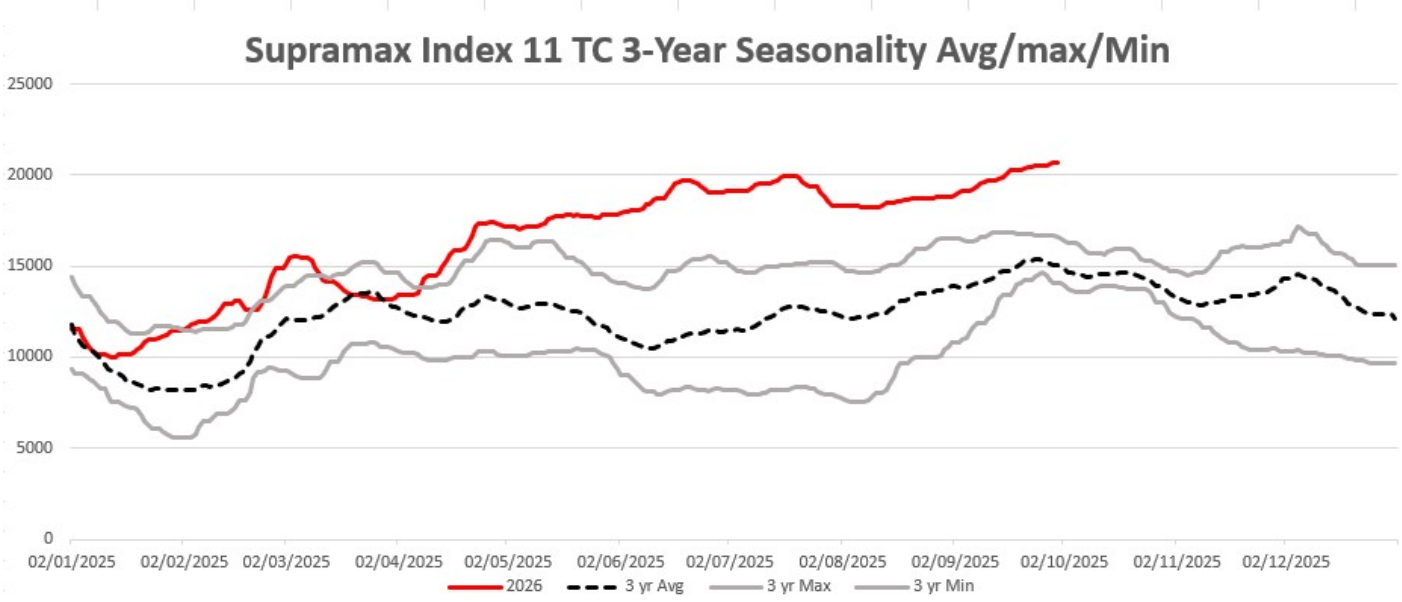


Support		Resistance		Current Price	Bull	Bear
S1	20,481	R1	21,214	20,680	RSI above 50	Stochastic overbought
S2	20,077	R2	24,240			
S3	19,741	R3	25,496			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (93)
- Stochastic is overbought
- Technical outlook previously: Supported
- The index and the RSI continued to make new highs last week, meaning we continued to see bullish momentum confirmation, implying the USD 21,214 resistance remained vulnerable. A close below the weekly pivot level at USD 20,123 would imply that buyside momentum was slowing, while a close below the trend support line at USD 19,796 would suggest that sell side pressure was increasing, warning the USD 18,224 support could come under pressure. We identified USD 18,224 as a key support to follow, as throwbacks that breached this level would reduce the probability of price trading at a new high within this phase of the cycle.
- The index has traded at new highs, we are above all key moving averages supported by the RSI above 50.
- Momentum based on price (MBP) is aligned to the buyside, a close below USD 20,565 would mean it is aligned to the sell side. Downside moves that hold at or above USD 19,059 would support a bull argument, below this level the technical would have a neutral bias.
- Technical outlook: RSI resistance
- The RSI is now testing a resistance zone while buyside pressure in the index is slowing, warning we are becoming vulnerable to a move lower. A close below the weekly pivot level at USD 20,481 would warn that the futures are potentially entering a corrective phase, while a close and hold below the trend support line at USD 20,077 would indicate sell side pressure is increasing, warning support levels could be tested. Throwbacks below USD 19,059 will reduce the probability of price trading at a new high. Due to the RSI resistance we are now cautious on upside moves.



Supramax Nov 26

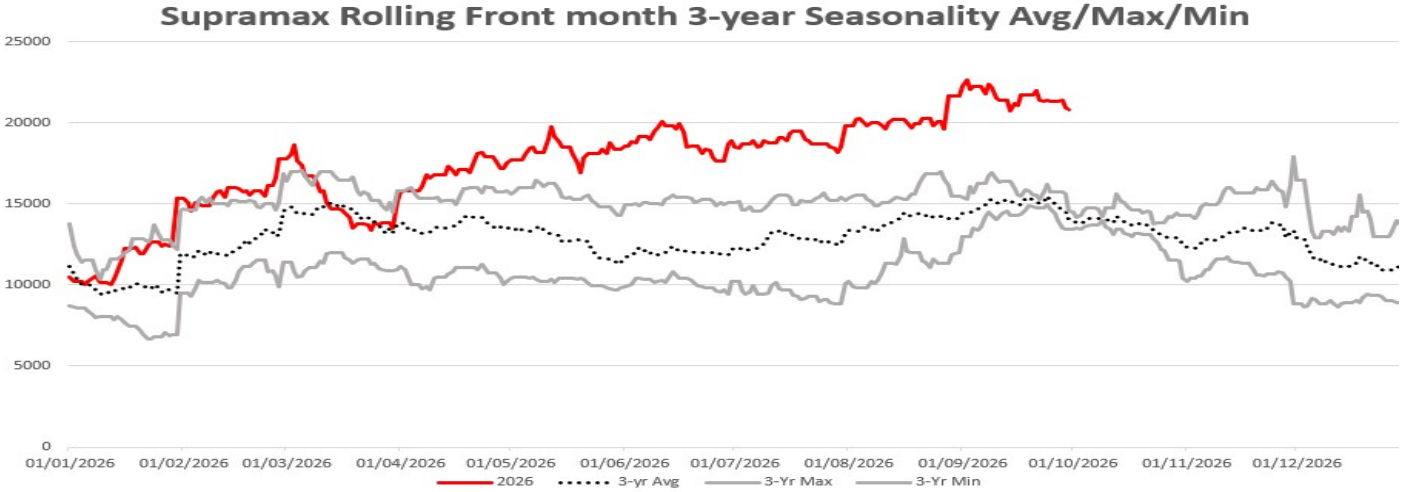


Support		Resistance		Current Price	Bull	Bear
S1	20,315	R1	22,300	20,700	RSI above 50	
S2	20,250	R2	23,125			
S3	19,550	R3	23,728			

Synopsis - Intraday

Source Bloomberg

- Price below the 8-21 period EMA's
- RSI is below 50 (44)
- Stochastic is below 50
- Technical outlook previously: Upside rejection
- The upside move last week was in the process of potentially rejecting the USD 22,300 resistance, warning that the polarity support zone between USD 20,594 and USD 20,250 could come back under pressure. For upside continuation price will needed to trade above the USD 22,300 Fibonacci resistance, while downside moves would need to close and hold below the USD 20,250 support. The RSI had failed to breach the 60 level, implying momentum weakness, warning support could be tested in the near-term. The broader trend implies downisde moves should be considered countertrend; however, we had a neutral bias on the technical as at these levels it is hard to advocate a buy or sell.
- The futures have sold lower on the upside rejection. We are below the 8-21 period EMA's with the RSI below 50.
- Upside moves that fail at or below USD 22,300 will leave the futures vulnerable to further tests to the downside, above this level the technical will re-enter bullish territory.
- Technical outlook: Testing polarity support
- Near-term price action is weakening supported by the RSI moving below 50, meaning we have negative velocity and negative acceleration. However, price is testing the polarity support between USD 20,765—USD 20,250, indicating caution is warranted while testing the support zone. If we hold the support area, than resistance levels would be considered as vulnerable; likewise, for downside continuation we would need to close and hold below the USD 20,250 level.



Supramax Q4 26

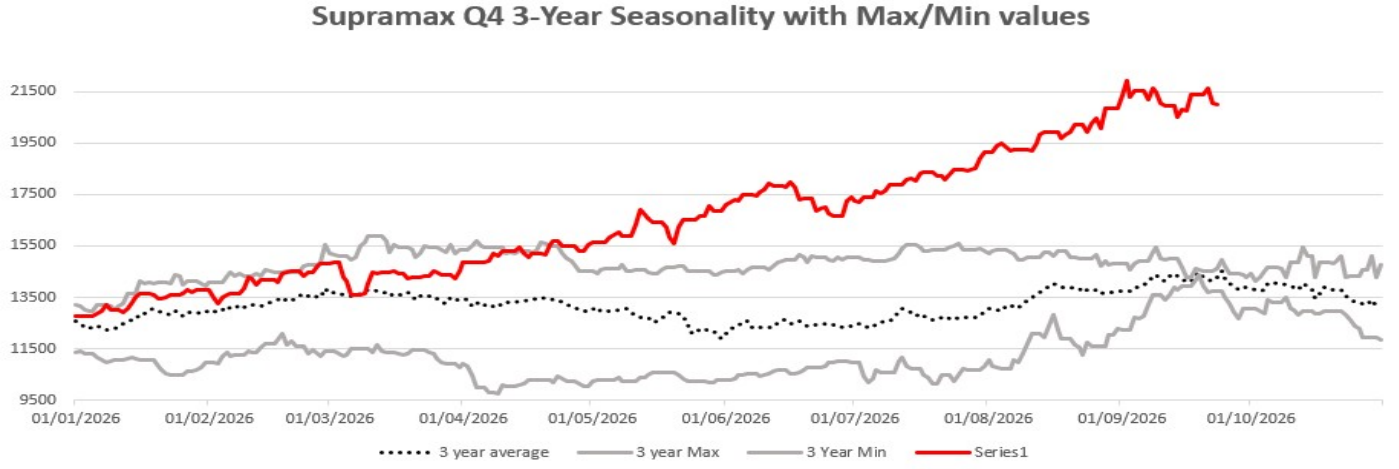


Support		Resistance		Current Price	Bull	Bear
S1	20,417	R1	21,505	20,745		RSI below 50
S2	20,105	R2	22,100			
S3	19,575	R3	22,875			

Synopsis - above

Source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is below 50
- Technical Outlook Previously: Neutral
- The upside move in the futures breached the USD 21,505 resistance last week, however, price had closed below the trend support line at USD 21,367, meaning we had conflicting signals. On the broader Elliott wave cycle, downside moves should be considered as countertrend; however, the conflicting signals mean that we had a near-term neutral bias. A close and hold back above the trend line would leave resistance levels vulnerable, while a move below USD 20,350 had the potential to create a positive reversal pattern. If we broke to the downisde and the RSI makes a new low, the bearish momentum confirmation would suggest that the USD 19,575 fractal low could come under pressure.
- The futures consolidated for a 4 days before selling lower on the 29/09. We are below the 8-21 period EMA's with the RSI near neutral at 49.
- Downside moves that hold at or above USD 20,417 would support a bull argument, below this level the technical would have a neutral bias.
- Technical Outlook: Neutral
- The RSI is making new lows but price is not, meaning we have a positive reversal pattern in play, warning there remains an underlying support in the market. Throwbacks below USD 20,350 would mean that both price and the RSI would have made a new low, signaling bearish momentum confirmation, at this point, support levels should be considered as vulnerable. The failed swing high is warning that the USD 20,350 support is vulnerable, this is contradicted by the positive reversal pattern that suggests caution on lower moves, meaning that in theory the technical is considered as neutral. However, with the index slowing, and the q4 trading at a small premium, if the index rejects its RSI resistance, then it could push price below the USD 20,350 support.



Supramax Cal 27

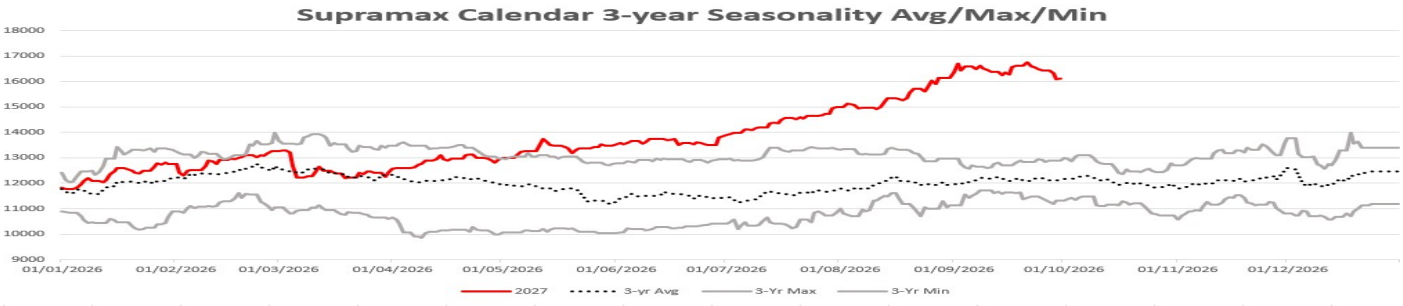


Support		Resistance		Current Price	Bull	Bear
S1	15,432	R1	16,611	16,575	Stochastic oversold	RSI below 50
S2	14,987	R2	16,875			
S3	14,383	R3	17,084			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8—21 period EMA's
- RSI is below 50 (49)
- Stochastic is oversold
- Technical outlook previously: Negative divergence in play
- The move to a new high last week meant that we had a negative RSI divergence. This was a condition, not a sell signal, warning that buyside momentum could slow down. Technical sell signals would be needed to confirm the divergence is being respected. Throwbacks below USD 16,150 would break fractal support, indicating we had entered a higher timeframe corrective phase, at this point, USD 14,383 becomes the key support to follow. Fibonacci projection levels suggest that we could trade as high as USD 18,452 within this phase of the cycle; however, while the divergence is in play, market bulls will need to closely monitor the divergence.
- The futures have sold lower on the divergence resulting in price trading below the USD 16,150 fractal support, confirming price has entered a corrective phase. We are below the 8-21 period EMA's with the RSI near neutral at 49.
- Downside moves that hold at or above USD 15,383 would support a bull argument, below this level the technical would suggest that the futures are entering a higher timeframe corrective phase.
- Technical outlook: Sell side pressure increasing
- The move below the USD 16,150 fractal support confirms price is in a corrective phase, bearish momentum confirmation supports the weakening price action. Our Elliott wave analysis does indicate that the broader trend remains bullish, suggesting throwbacks should be considered as corrective and not bearish. However, if this is a higher timeframe correction (we think it is), then in theory, we should be looking at a 3-wave corrective pattern, implying upside moves could struggle to hold in the near-term.



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