FIS

Supramax Technical Report

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Technical outlook: Minor divergence

The upside move to a new high has created a minor RSI divergence, while the RSI remains below its resistance zone highlighted previously, meaning upside moves need to be monitored closely. Market buyers should act with caution on a close below the weekly pivot level at USD 20,616, as it would signal an increase in sell side pressure. Although divergent with the RSI at resistance, Fibonacci projection levels do warn that we could trade above USD 21,214 before correcting.

Nov 26

Technical outlook: RSI breaking trend resistance

The downside move has failed to hold below the polarity support with the RSI breaking its trend resistance line, suggesting momentum is support is increasing, warning resistance levels could be tested. We identify USD 21,901 as a key level to monitor, pullbacks that reject this level would warn of a more of a complex corrective phase. Conversely, above this level will leave the USD 23,125 fractal high vulnerable. We have a 3-wave pattern lower that has the two bear waves at equal lengths, suggesting this corrective phase has potentially completed.

Q1-27

Technical Outlook: Inflection point

The futures are testing key resistance at USD 16,474, while the RSI is tasting its trend resistance line, indicating price is at an inflection point. Although we only have the one wave lower, both the rolling front and the Q4 are showing corrective 3-wave patterns; this would suggest that the marginal high at 16,925 is potentially a flat Elliott wave correction (meaning the high on the 22/09 was the wave B). The RSI is at trend resistance but it has held 40, we are seeing positive acceleration and positive velocity, warning both momentum and price could break their resistance. If we do, then probability of price trading at a new low will start to decrease, supporting a buyer's argument.

Cal 27

Technical outlook: Supported

As noted in the Q1 27, we are potentially looking at a flat correction, where the wave B has traded at a new high by USD 50, this is the same scenario in the Cal 27. Last week we noted that we would expect a 3 wave corrective phase; however, based on the rolling front and the Q4, we are leaning towards a flat correction in the Cal 27, suggesting the USD 16,450 resistance could be tested and broken. If it is, then it would support a buyers argument, warning the USD 16,875 high could also fall.

Supramax Index

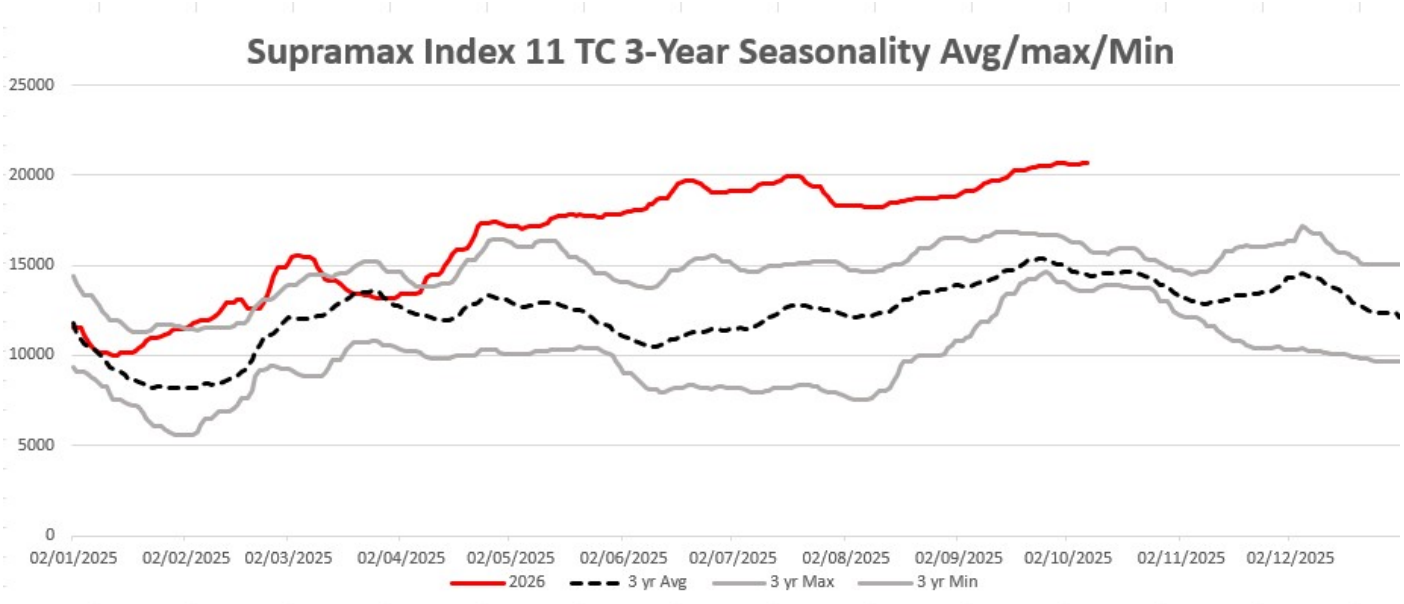


Support		Resistance		Current Price	Bull	Bear
S1	20,311	R1	21,214	20,724	RSI above 50	Stochastic overbought
S2	19,769	R2	24,240			
S3	09,074	R3	25,496			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (86)
- Stochastic is overbought
- Technical outlook previously: RSI resistance
- The RSI was testing a resistance zone while buyside pressure in the index is slowing last week, warning we were becoming vulnerable to a move lower. A close below the weekly pivot level at USD 20,481 would warn that the futures were potentially entering a corrective phase, while a close and hold below the trend support line at USD 20,077 would indicate sell side pressure was increasing, warning support levels could be tested. Throwbacks below USD 19,059 would reduce the probability of price trading at a new high. Due to the RSI resistance we were cautious on upside moves.
- A very minor pullback has been followed by price trading at a new high. 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 20,611 would mean it is aligned to the sell side. Downside moves that hold at or above USD 19,074 would support a bull argument, below this level the technical would have a neutral bias.
- Technical outlook: Minor divergence
- The upside move to a new high has created a minor RSI divergence, while the RSI remains below its resistance zone highlighted previously, meaning upside moves need to be monitored closely. Market buyers should act with caution on a close below the weekly pivot level at USD 20,616, as it would signal an increase in sell side pressure. Although divergent with the RSI at resistance, Fibonacci projection levels do warn that we could trade above USD 21,214 before correcting.



Supramax Nov 26

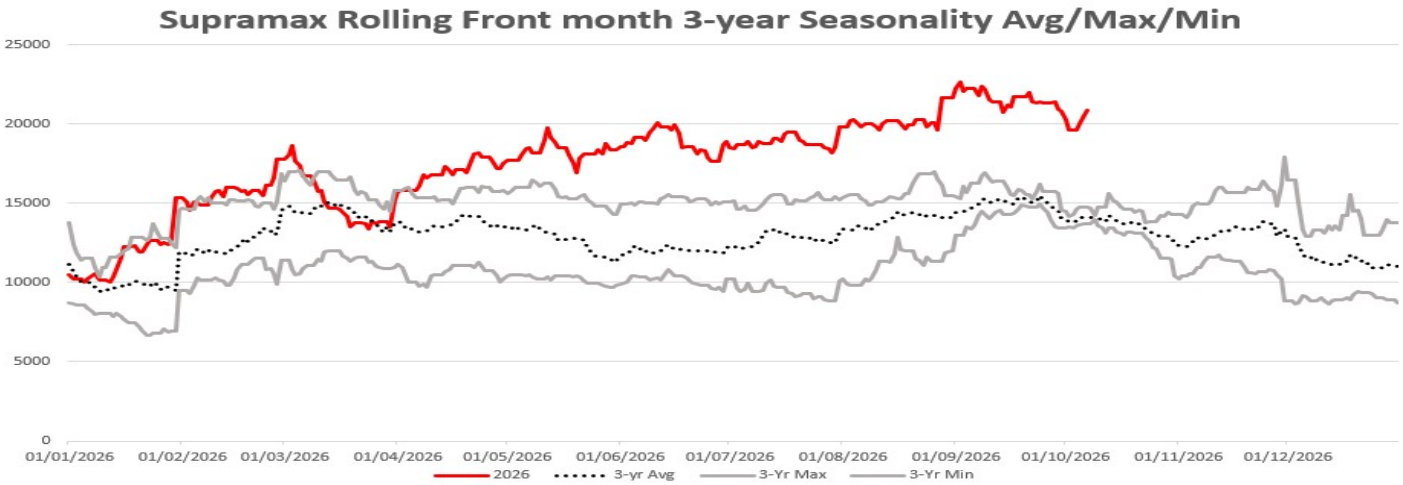


Support		Resistance		Current Price	Bull	Bear
S1	19,650	R1	20,900	20,850	Stochastic oversold	RSI below 50
S2	18,995	R2	21,325			
S3	18,437	R3	21,901			

Synopsis - Intraday

Source Bloomberg

- Price between the 8-21 period EMA's
- RSI is below 50 (49)
- Stochastic is oversold
- Technical outlook previously: Testing polarity support
- We noted last week that near-term price action was weakening, supported by the RSI moving below 50, meaning we had negative velocity and negative acceleration. However, price was testing the polarity support between USD 20,765—USD 20,250, indicating caution was 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.
- The futures closed but have failed to hold below the polarity support zone. The futures are between the 8-21 period EMA's with the RSI near-neutral at 50.
- Upside moves that fail at or below USD 21,901 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: RSI breaking trend resistance
- The downside move has failed to hold below the polarity support with the RSI breaking its trend resistance line, suggesting momentum is support is increasing, warning resistance levels could be tested. We identify USD 21,901 as a key level to monitor, pullbacks that reject this level would warn of a more of a complex corrective phase. Conversely, above this level will leave the USD 23,125 fractal high vulnerable. We have a 3-wave pattern lower that has the two bear waves at equal lengths, suggesting this corrective phase has potentially completed.



Supramax Q1 27

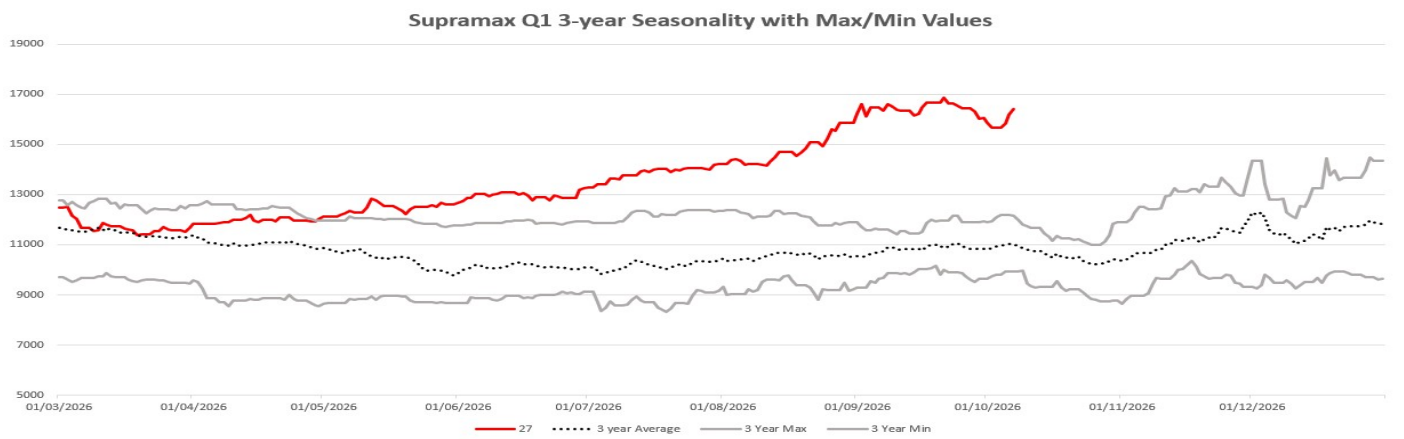


Support		Resistance		Current Price	Bull	Bear
S1	15,291	R1	16,474	16,425	RSI above 50	Stochastic oversold
S2	14,787	R2	16,925			
S3	14,103	R3	17,233			

Synopsis - above

Source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (57)
- Stochastic is oversold
- Technical Outlook Previously: Neutral
- The RSI was making new lows last week but price was not, meaning we had a positive reversal pattern in play, warning there remained 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 was warning that the USD 20,350 support is vulnerable, this was contradicted by the positive reversal pattern that suggested caution on lower moves, meaning that in theory the technical was 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.
- The Q4 futures traded at a low of USD 19,641.5 before seeing bid support. We have now moved to the Q1-27 technical. Price is above the 8-21 period EMA's supported by the RSI above 50.
- Downside moves that hold at or above USD 14,103 would support a bull argument, below this level the technical would have a neutral bias.
- Technical Outlook: Inflection point
- The futures are testing key resistance at USD 16,474, while the RSI is tasting its trend resistance line, indicating price is at an inflection point. Although we only have the one wave lower, both the rolling front and the Q4 are showing corrective 3-wave patterns; this would suggest that the marginal high at 16,925 is potentially a flat Elliott wave correction (meaning the high on the 22/09 was the wave B). The RSI is at trend resistance but it has held 40, we are seeing positive acceleration and positive velocity, warning both momentum and price could break their resistance. If we do, then probability of price trading at a new low will start to decrease, supporting a buyers argument.



Supramax Cal 27

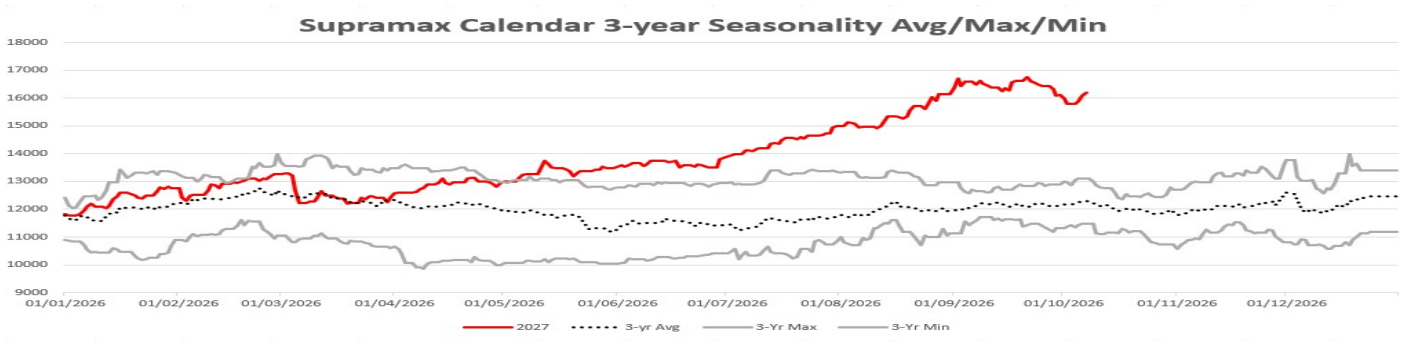


Support		Resistance		Current Price	Bull	Bear
S1	15,432	R1	16,450	16,200	Stochastic oversold	
S2	14,987	R2	16,875			
S3	14,383	R3	17,212			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (53)
- Stochastic is oversold
- Technical outlook previously: Sell side pressure increasing
- The move below the USD 16,150 fractal support confirmed that price was in a corrective phase last week, bearish momentum confirmation supported the weakening price action. Our Elliott wave analysis did indicate that the broader trend remained bullish, suggesting throwbacks should be considered as corrective and not bearish. However, if this was a higher timeframe correction (we thought it was), then in theory, we should be looking at a 3-wave corrective pattern, implying upside moves could struggle to hold in the near-term.
- The futures sold to a low of USD 15,625 before seeing light bid support. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 14,383 would support a bull argument, below this level the technical would suggest that the futures are entering a higher timeframe corrective phase.
- Technical outlook: Supported
- As noted in the Q1 27, we are potentially looking at a flat correction, where the wave B has traded at a new high by USD 50, this is the same scenario in the Cal 27. Last week we noted that we would expect a 3 wave corrective phase; however, based on the rolling front and the Q4, we are leaning towards a flat correction in the Cal 27, suggesting the USD 16,450 resistance could be tested and broken. If it is, then it would support a buyers argument, warning the USD 16,875 high could also fall.



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