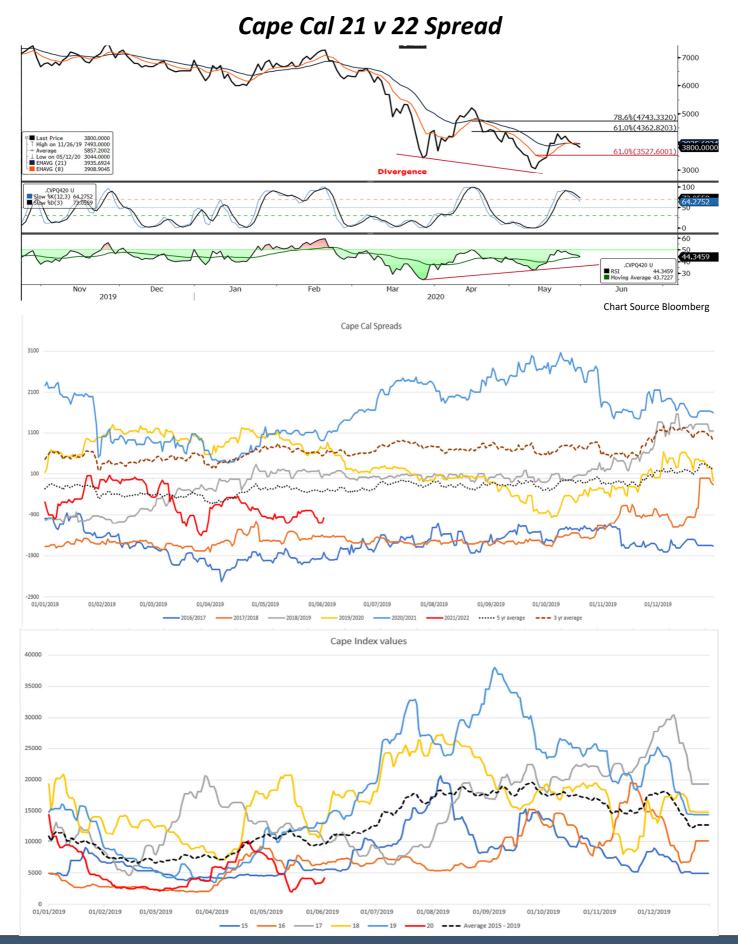
Cape al 21 v 22 Spread

Support		Resistance		Current Price	Bull	Bear
S1	-1,150	R1	-800			
S2	-1,200	R2	-525	-950	RSI above 50	At Resistance
S3	-1,325	R3	0			

- Chart 1) Illustrates the Technical 2) The historical Spread 3) the historical index
- Price is above the 8 21 period EMA
- RSI is Above 50 (51)
- The futures spread has formed a neutral pattern in the form of a symmetrical triangle. This is supported by flat moving averages and the RSI which although above 50, at 51 is considered as more neutral
- Price is currently at trend resistance with the potential for the futures to produce a negative divergence above USD—
 800. The divergence is not a sell signal, it is a warning that we have the 'potential' to see a momentum slowdown, they can and do fail
- Neutral from a technical perspective Vale expect iron ore shipments to rise in 2020 v's 2019 (Beijing Steel Body/China Steel Association) whilst China is seeing its PMI above 50, indicating the economy is once again expanding
- The 21 v 22 spread is currently current USD 650 below its 5 year average value and USD 1,600 below the 3 year Average. On paper the historical is undervalued based on mean evaluations.
- The index is however at its lowest level for this time of year compared to the previous 5 years. However, it is worth noting that the 5 year mean turns higher now, as the index has turned 4 out of the last 5 years between now and the 11th of July
- The futures, technically neutral look to be consolidating. If we follow the historical pattern of the index then we could see a reversal back to the mean on this spread

FIS Capesize Cal 21 v 22 Spread Global Leader Dry Bulk Derivatives



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