FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COA

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	11525	11125	-3.5%	Pmx 1 month forward	9825	9450	-3.8%
Cape Q1 21	12600	12358.5		Pmx Q4 20	10825	10512.5	-2.9%
Cape Cal 21	15212.5	14937.5	-1.8%	Pmx Cal 21	11187.5	11012.5	-1.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change		
Smx 1 month forward	9350	9200	-1.6%	Brent	53.57	54.51	1.8%		
Smx Q4 20	10000	9941.5	-0.6%	WTI	49.8	50.68	1.8%		
Smx Cal 21	10125	10125	0.0%	Iron ore	163.76	165	0.8%		
					Data Source FIS and Bloomberg				

We mentioned that margins had halved with the DCE upside move being on low volume, warning that there were signs of technical and fundamental weakness in the market. However, the reality is that margins are still at CNY 440 and the Chinese economy is not showing signs of weakness. The cooling off came from the DCE stepping into the market at the time the back end curve in Turkish scrap caught a bid. The retail market might be going of to buy stocks, eggs or whatever they can find, the reality is that the fundamental and psychological footprint has not changed. The downside move on the Feb offshore futures would suggest we could already be in the early stages of a bullish impulse wave (see the morning technical), whilst the DCE volume is no longer a reliable indicator due to intervention. The Fibonacci support zone between CNY 942—918 has not even been tested, leaving us to maintain our view that downside moves will find buying support.

The Capesize futures have been in a corrective phase for the last couple of days on the back of a slowing index. The Feb futures are 5k below the index, which for the capes is not that big an issue. If the Feb futures hold above the USD 10,832 level it will support a buyers argument but below this level it could look technically vulnerable. At this point the index is showing signs of slowing down, if it goes below USD 16,638 it has the potential to enter a corrective phase and will be further weakened below the USD 15,985 level. The back end futures put in a stronger performance at down just 2%, with the technical earlier in the weak suggesting downside moves should be considered as countertrend.

The Panamax futures have followed the Capesize lower today with the Feb futures off nearly 4%. The index is now nearing USD 12,000 suggesting the downside move in the Feb could be limited, as there seems to be continued optimism from owners in the physical market at this point. Charters seem happy to wait but if the index moves any higher the paper will shift again, which is likely to create further physical covering. If the Feb contract trades below the USD 8,850 level then something will have to have fundamentally changed for the futures to make a lower low.

Like the rest of the freight complex the Supramax has had a losing day on the futures. However, the index is holding above support with a bullish hidden divergence in play. For more details please see the latest technical Supramax Technical https://fisapp.com/wp-content/uploads/2021/01/FIS-4-PAGE-SUPRAMAX-REPORT-06-01-21.pdf

OPEC made a deal and the futures have gone up. This market is now fundamentally and technically bullish. The Saudis have shown their support and the futures have extended. Based on this morning technical report there is reason to believe that the futures could trade with a USD 59.00 handle sometime soon.

Have a nice Evening

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