

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	14125	17575	24.4%	Pmx 1 month forward	11025	12050	9.3%
Cape Q2 21	13775	14400	4.5%	Pmx Q2 21	11425	12025	5.3%
Cape Cal 22	14725	14850	0.8%	Pmx Cal 22	10625	10825	1.9%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	10050	10925	8.7%	Brent	56.36	55.59	-1.4%
Smx Q2 21	10575	10800	2.1%	WTI	52.73	52.1	-1.2%
Smx Cal 22	10225	10300	0.7%	Iron ore	168.5	166.91	-0.9%

Data Source FIS and Bloomberg

Bull or bear fight, the iron ore market does not yet know. As we have highlighted previously, the correction is textbook except for time factor. Coronavirus is making a comeback in China, numbers are still low with 82 of the 103 cases reported in the steelmaking province of Hebei, resulting in a softening of steel and iron ore prices. The pullback on the DCE held at the 61.8% retracement of the low/high from the 29-12-20 to the 07-01-21, indicating sellers are probing market weakness but are not quite ready to play on mass. Intraday volume is higher on downside moves warning of market weakness but this will be about a different set of numbers now, as the market will look to see if rising COVID cases will halt steel production.

Just another average day in the Capesize market with the front month futures up nearly 25%. About 18 months ago we highlighted in an article on the 01-07-20 titled, Capesize—Seven years of famine, that a USD 28,865 move in a 32 day period could prove to be significant. This replicated moves seen in the 2,003—2,008 super cycle, where we witnessed this sort of move on five occasions. We highlight this now as both Basins are hot, if we get another move like last year, then the word super cycle might start catching the attention of the global press. Just remember that it came from those with feet on the ground in July 2020!!

When the Capesize market is producing 25% gains it is impossible for the Panamax futures not to follow. A bullish fundamental and technical is the underlying driver in the market. However, on days like today the market cannot help but catch the vibe with the futures producing a 9% move higher. The cycle is bullish indicating that market corrections should find buying support. Keep an eye on volume, if we drop on low volume it is driven by market buyers pulling back, rather than market sellers stepping in.

We have been saying this since last week that if the index holds the futures fly and this has been spot on. The futures have had to close the disparity gap with the index. Technically it looked like it would rally last week and today the index moved up USD 108, to USD 11,430. The futures had no choice but to move higher, with the disparity now less than USD 500, the 9% move in the futures today should be a one off, unless the index itself takes off.

Oil remains technically bullish as it edges closer to its wave 5 target zone. The futures have come under pressure on the back of a rising dollar. However, the greenback pulled back from its highs, resulting in the downside move in oil losing traction. If the new stays quite without an 'event', then we expect the futures to enter its target zone soon.

Have a nice evening