

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	15575	15250	-2.1%
Cape Q2 21	13100	13125	0.2%
Cape Cal 22	14450	14300	-1.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	12000	12400	3.3%
Pmx Q2 21	12375	12400	0.2%
Pmx Cal 22	10600	10575	-0.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	11075	11650	5.2%
Smx Q2 21	10700	11075	3.5%
Smx Cal 22	10375	10350	-0.2%

	Previous Close	Current Close	% Change
Brent	55.69	55.95	0.5%
WTI	53.28	52.99	-0.5%
Iron ore	166.14	167.5	0.8%

Data Source FIS and Bloomberg

Iron ore margins continue to come under pressure; however, the futures had put in a strong performance having rallied USD 4.00 of the recent low. With the 163.50 level being broken to the downside, we were expecting to see a weakening of pricing, not a bounce though resistance levels. Downside moves that hold around the USD 166.40 should target the USD 169.57 level in the near-term; however, upside moves much above this level would warn that the longer-term technical picture is firming.

The Capesize futures have suffered today, having initially tested our upside resistance level the futures closed on their lows. From a technical perspective, price and momentum are aligned to the sell side with the futures closing below the daily pivot. More importantly for market sellers, unless we see an upside move overnight. Price should open below tomorrow's pivot point, suggesting we are about to see a weakening in price. The Feb contract is at a 10k discount and closing on its lows indicating the index is going to come under pressure tomorrow. If it doesn't, there will not be an offer in sight.

We have been targeting the USD 12,757—USD 12,686 area for the Q2 Panamax. Today the futures traded to a high of USD 12,600, meaning the futures entered our kill zone. Intraday technical buyers should be supporting the market between USD 12,500—USD 12,400 with the intention of flipping out above the USD 12,600 high. However this strategy comes with high risk as we are looking for a wave 3 termination around these levels. If downside moves trade below the USD 12,250 level tomorrow we would consider that technically bearish. You may find the support is there tomorrow but that does not mean it is a technical buy.

The Supramax futures traded above the USD 11,100 level and it looks like some market shorts have had to cover. The futures putting in a cracking upside performance, to close up 5.2% in the Feb futures. The technical is nearing exhaustion but the strong push today would suggest that there is still another upside move possible. Downside moves tomorrow should find support between 11,350—11,150. The deeper the pullback the more likely the following upside move will be the last, if the pullback is shallow we should keep on going a little longer.

A classic technical pullback in the oil futures has held at the 61.8% Fibonacci retracement level with price now 50 cents off their low. We believe the technical is bullish and should trade to a high of USD 59.55 within this cycle. However, we are seeing short-term corrective moves as President Biden signs sweeping actions to combat climate change (Bloomberg) and this has spooked the market. Right now our next upside target zone is USD 56.88—USD 57.26, at which point we will look to see if our initial target has changed.

Have a nice evening