

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	13125	11850	-9.7%
Cape Q2 21	12700	12100	-4.7%
Cape Cal 22	14125	14037.5	-0.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	12075	11400	-5.6%
Pmx Q2 21	12300	11875	-3.5%
Pmx Cal 22	10550	10525	-0.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	11725	11350	-3.2%
Smx Q2 21	10950	10525	-3.9%
Smx Cal 22	10275	10100	-1.7%

	Previous Close	Current Close	% Change
Brent	55.91	55.91	0.0%
WTI	52.87	52.61	-0.5%
Iron ore	166.95	162.35	-2.8%

Data Source FIS and Bloomberg

Yesterday we highlighted the weakening steel margins and compared them to the DCE futures which are RMB 478 higher than when the margins were last at these levels. The futures have sold of USD 5.00 overnight with news agencies globally highlighting the tightening China steel margins. If the futures are in a corrective wave C/bearish Gartley pattern then we have a potential downside sell target of USD 153.80, it is worth noting the 4—hour 200 period MA is at USD 159.19 making this a near-term support/target.

Technically weak and closing on a key support level yesterday in the Capesize futures. The futures continue to come under pressure with the front month off a further 9% today. Like yesterday the futures are closing on a key support level, this time it is the USD 11,804 level. If we hold here then there is still a chance of seeing a bullish squeeze in the market, if support is broken then bull arguments will be hard to find.

The Panamax index is showing signs of a price and momentum slowdown and this has filtered through to the futures markets today. Front month futures are off 5.6% and the q2 21 futures are 3.5% lower. The technical is weakening and the physical is slowing down as illustrated by the lack of any real upside movement in the index. For more information on the technical aspect of the Panamax futures please follow the link. Panamax Technical Report 26/1/21 <https://fisapp.com/wp-content/uploads/2021/01/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-26-01-21.pdf>

The Supramax index is still going up but showing signs of slowing down. The futures traded up to a high of USD 11,800 before entering a corrective wave. This morning we cited the potential for a further bullish wave, with price being in a range the Elliott wave count is ambiguous, we may have seen wave 5 of 3 cycle completion on the USD 11,800 high but it is really unclear. The futures are now corrective suggesting we will see a negative ,or at least weakening index number tomorrow. Below US\$ 12,693 would warn the index is correcting and below USD 12,484 would suggest it is entering into a corrective phase.

As highlighted on the morning oil report the upside move on the 1—hour chart looked like it was readying for a correction and this has been the case. Brent futures are unchanged on the day having put in another upside move unsupported by ‘real’ news. Yesterday we highlighted the need for a reason to buy and today we see the futures coming under pressure due to near-term demand woes (Bloomberg). The futures continue to consolidate but will need some data news to get it going into new highs

Have a nice Evening