

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	8825	9200	4.2%	Pmx 1 month forward	11812.5	12325	4.3%
Cape Q2 21	11925	12450	4.4%	Pmx Q2 21	12250	12625	3.1%
Cape Cal 22	14100	14425	2.3%	Pmx Cal 22	10775	10800	0.2%

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Smx 1 month forward	11075	11575	4.5%	Brent	57.82	58.64	1.4%
Smx Q2 21	10650	11000	3.3%	WTI	55.03	55.92	1.6%
Smx Cal 22	10325	10400	0.7%	Iron ore	143.65	146.85	2.2%

Data Source FIS and Bloomberg

A more stable day in the iron ore futures with the DCE iron ore behaving as expected. As highlighted yesterday if the futures held above the RMB 929 level then we could see a near-term push up to RMB 955, price held and has now printed RMB 959. The offshore futures have seen little movement in the Feb contract whilst the March is now USD 4.50 or the low with near-term resistance at USD 148.00. A quiet wire and a relatively quiet day as the market looks to evaluate yesterday sell off

Yesterday we highlighted the USD 8,500 level as an interesting support in the march futures which has proven to be the case. We noted that upside moves above the USD 8,950 level could target the USD 9,850 area. Price has moved higher and traded up to USD 9,650 but at this point has not achieved our short-term target. The index continues to move lower but it has to be noted the move seems to be far less dramatic than the futures. However, this would explain why the Feb futures are up 16% on the day, having held the FIS technical support/target that we had highlighted on the morning report. The Feb v index disparity is now down to USD 2,752, so should in theory calm down a little now the gap is closed.

The Q2 Panamax is in a bit of a dilemma today, the deep pullback has taken the futures into a neutral phase. However, downside momentum in the index has slowed, resulting in an upside push to USD 12,700. The dilemma is real a case of, will the market make a new high or is this countertrend upside move? The reality is the futures are not a technical buy due to multiple divergences and an Elliott wave count that in theory should be in the early stages of a corrective wave 4. Saying all that, the technical is not the driver of the market, the trend is bullish on the daily charts and the index are holding. If we go up, USD 12,800 - USD 13,100 is going to be an interesting area to watch.

Yesterday we noted the futures v index disparity gap suggested the Supramax Feb futures were unlikely to lose the run or itself and this has proven to be the case. The index has seen an increase in downside momentum yesterday, however this effectively halved today with a print of just USD 86 lower. The futures acted accordingly, the March promptly rallied USD 500 (4.5%) and the Feb is back at USD 12,000. The index looks vulnerable but market pullbacks continue to be shallow, the front end futures are now looking like it will now hold closer to the index, rather than second guessing a correction.

A long time ago, in a report far, far away, we called the oil futures with a USD 59.00 handle. Unfortunately it still has not happened, however we did get up to USD 58.94 today, suggesting it is only a matter of time. For oil bulls the technical has been supported by the wire with OPEC and co are pledging a speedy rebalancing in the market (Bloomberg). USD 59.55 has been our target, hopefully this will soon be achieved.

Have a nice evening