

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	9275	9450	1.9%	Pmx 1 month forward	12600	13300	5.6%
Cape Q2 21	12425	12750	2.6%	Pmx Q2 21	12825	13325	3.9%
Cape Cal 22	14400	14500	0.7%	Pmx Cal 22	10850	10925	0.7%

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Smx 1 month forward	11725	12500	6.6%	Brent	59.11	59.37	0.4%
Smx Q2 21	11400	11950	4.8%	WTI	56.46	56.79	0.6%
Smx Cal 22	10400	10475	0.7%	Iron ore	152.5	151.5	-0.7%

Data Source FIS and Bloomberg

Iron is off from its high at USD 156.75 but still holding ground with the Feb contract closing the week out at USD 154.10. Mixed views in the market, we continue to hear a pessimistic view relating to China potentially cutting steel output to meet environmental concerns over carbon emission output. However, contrasting this data from MySteel is showing an increase in steel stocks and a growing optimism that there will be fresh stimulus packages to boost the economy, specifically the construction/real estate sector. With the CNY a week away the Rebar looks vulnerable to a test to the downside in the near-term but the trend itself looks like the glass is half full with a potential bullish Elliott 5th wave to come. For more information on the rebar technical please follow the link. Shanghai Steel Rebar May 21 05/02/21 <https://fisapp.com/wp-content/uploads/2021/02/FIS-Technical-Rebar-05-02-21.pdf>

The Capesize market has traded above the USD 9,850 near-term target and the USD 10,450 high from the technical report. This would suggest we could see the futures trade up to the USD 11,212 and perhaps the USD 11,550 high in the coming days. The index had been threatening to move higher having shown a visible momentum slowdown in price. However, down 110 is still negative but slowing, this has been enough for the Feb contract to shave another USD 500 of the disparity. The current movements are just math's as the market seems to have overreached to the downside. The index however has not turned bullish yet, so we really are seeing a game of cat and mouse as the futures look to rebalance in preparation for the next move.

Yesterday we noted that it looked like the Panamax Q2 wave was extending, the futures were not a technical buy due to the multiple time frame divergences, with price in its resistance zone. The futures have made a new high with price is now above our resistance/target zone. The 1 - hour RSI is no longer in divergence nor the 4—hour, meaning price and momentum is technically bullish. The index put in a strong performance and was up over USD 300, this created a hive of activity in the front end futures and the inter market spreads. The technical is still in divergence on the daily chart but on today's index it looks like the futures will look to test USD 13,800 and potentially USD 14,400 resistance levels.

Another positive day on the Supramax index has seen the Feb futures close the disparity gap to zero with price up over USD 300. However, it is the March contract that has put in the strongest performance with the futures up over USD 750. We highlighted yesterday that it needed to trade above the USD 12,050 level with a potential upside target zone between USD 12,687—USD 13,085. At this point the futures are closing out the week at USD 12,475 so on target.

The Brent futures have now traded above the USD 59.55 level. There is little news on the wire so in theory it is near wave completion. However, the longer we stay at elevated levels the higher chance we have of seeing further wave extensions as we have recently seen in the Panamax sector in the dry freight market. All eyes on the wire from here to see if the wave count will extend or push on or follow the cycle into a corrective phase

Have a nice Weekend

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