

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	9450	8150	-13.8%	Pmx 1 month forward	13300	13125	-1.3%
Cape Q2 21	12750	12175	-4.5%	Pmx Q2 21	13350	13125	-1.7%
Cape Cal 22	14500	14275	-1.6%	Pmx Cal 22	10925	10775	-1.4%

  

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Smx 1 month forward	12475	12450	-0.2%	Brent	59.62	60.24	1.0%
Smx Q2 21	11975	12025	0.4%	WTI	57.07	57.78	1.2%
Smx Cal 22	10475	10475	0.0%	Iron ore	151.5	154.65	2.1%

Data Source FIS and Bloomberg

Steel prices continue to rise and with it the key ingredient, iron ore. The move is on the back of Tangshan implementing production restrictions on sinter plants to reduce pollution (Kallanish/Bloomberg). The offshore March contract has rallied USD 5.00 from the USD 150.00 low, keeping margin levels below 0. Upside moves that trade and hold above the USD 156.18 level will target the USD 160.18—USD 162.50 resistance zone. Likewise, downside moves that trade below the USD 150 low will target USD 142.00 level. The technical is firming due to restrictions but is not supported by margins. Shanghai rebar prices have pulled back from the RMB 4,361 high having broken resistance, putting the futures in neutral territory. If we trade above the RMB 4,398 level then we could see the March offshore iron ore contract test the USD 162.8 target area. If steel resistance levels hold then we have the potential to test the RMB 4,128 level downside support.

The Capesize futures are once again coming under pressure with the March contract off nearly 14% today. Intraday price and momentum has now aligned to the sell side with the futures making a new low. The index was down USD 605, to just over USD 12,000 indicating an acceleration to the downside. We are seeing momentum divergences on lower time frames but at this point it looks like we could see downside continuation with price targets in the low USD 6,000's.

No real follow through on the Q2 Panamax futures today with price failing to trade above the USD 13,375 high. The index was up north of USD 200 today but less than the USD 300 plus we saw on Friday, price is off a little from its highs but looks like it could have another test to the upside. If the futures hold the USD 13,000 low today then USD 13,550 level and potentially higher could get tested. However, if we break support we could test USD 12,650 in the near-term. Upside moves have been showing signs of exhaustion for a while nearly a week, the trend is bullish but we remain cautious from a technical point of view. Grain houses are currently supporting the market. Once they have covered, we could come under pressure again.

Like the Panamax index, the Supramax produced another positive day that was less aggressive than Friday's Index. The futures remain bullish but flat on the day and continue to show signs of exhaustion. Bullish yes but not a technical buy, however if the index/physical continue to produce positive numbers then the futures will follow. Another bullish trend that we feel is ready to enter a corrective phase soon.

The Brent futures continue to produce new highs and is now trading with a USD 60 handle. Oil is rallying as markets become less risk averse on the global vaccine rollout, suggesting downside moves should find buying support at this point. The futures are in need of a correction, however with the trend extending on the basis of an optimistic future, then we could potentially trade up to the USD 62.48—USD 62.41 resistance/target zone first.

Have a Evening