

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	8200	8300	1.2%	Pmx 1 month forward	13275	14175	6.8%
Cape Q2 21	12300	12700	3.3%	Pmx Q2 21	13275	14075	6.0%
Cape Cal 22	14275	14650	2.6%	Pmx Cal 22	10750	11125	3.5%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	12475	13425	7.6%	Brent	60.66	61.11	0.7%
Smx Q2 21	12000	12725	6.0%	WTI	58.1	58.36	0.4%
Smx Cal 22	10450	10725	2.6%	Iron ore	154.65	158.75	2.7%

Data Source FIS and Bloomberg

Rebar prices traded above the USD 4,398 causing the March iron or futures to move another USD 4.00 higher to USD 158.90. At this point the we remain below our USD 160.18—USD 162.5 resistance/target zone for the offshore futures. Onshore Rebar prices traded to a high of CNY 4420 before retreating CNY 28 in the evening session as they approach the CNY 4,455 resistance. Steel margins continue to hold below zero which asks a question of the rally, is the upside move sustainable? Our Elliott wave analysis suggests we could test the upside to complete a wave 5 with a DCE iron ore target at CNY 1,236 and CNY 1,254. The technical would suggest the market is bullish but profitability at mill is questionable at this point.

Some Base Metal technical reports today

Zinc Technical Report 09/02/21 <https://freightinvestorservices.com/blog/zinc-technical-report-09-02-21/>

Aluminium Technical Report 09/02/21 <https://freightinvestorservices.com/blog/aluminium-technical-report-09-02-21/>

Copper Technical Report 09/02/21 <https://freightinvestorservices.com/blog/copper-technical-report-09-02-21/>

The March Capesize futures traded down to a low of USD 7,2625 and in doing so triggered a positive divergence on the intraday RSI. The front month futures closed flat on the day, however the Q2 and the Call 22 futures closed up 2%, suggesting that sentiment could be turning. Two days of sideways movement could see the futures open above the pivot point in the morning (USD 8,016), if it can hold above it, you could see some market shorts looking to.

Buying pressure continued today in the Q2 Panamax with the futures up another 5.8%. We noted yesterday that id the USD 13,000 support held then we could test the upside resistance at USD 13,550 and potentially higher. This has been the case with the futures trading up to USD 14,125. As noted in the morning technical this is clearly a further extension of the Elliott wave, suggesting downside moves should be supported at lower levels on a pullback. Next resistance will be at US\$ 14,600 with support at 13,829. Downside moves blow the support would target the USD 13,537 and the USD 12,961.

With the Supramax index up USD 81 to USD 12,720 and the March futures Up USD 1,125 (8%) to 13,600, you have to ask a question, is the index about to fly or is this some major short covering in the market? The Q2 futures have gone with the fronts suggesting this is a genuine bull move, the index needs to follow quickly otherwise the futures will struggle to hold at these levels for very long. Upside moves above USD 13,800 will target the USD 14,375 level.

The Brent futures continue to move higher in line with our expectations, having traded up to an intraday high of USD 61.27. We continue to target the USD 62.41—USD 62.47 in the near-term with the April vs May spread now trading at a 39 cents premium as we continue to see inventories shrinking globally (Bloomberg). The trend remains bullish but is slowing down as we reach our target zone. The trend is bullish and has not started to correct yet.

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