

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	16500	16750	1.5%	Pmx 1 month forward	21375	22100	3.4%
Cape Q2 21	17066.5	16800	-1.6%	Pmx Q2 21	17850	17575	-1.5%
Cape Cal 22	15844	15950	0.7%	Pmx Cal 22	12000	11900	-0.8%

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Smx 1 month forward	17100	19375	13.3%	Brent	63.56	63.81	0.4%
Smx Q2 21	15725	16200	3.0%	WTI	60.15	60.33	0.3%
Smx Cal 22	11450	11350	-0.9%	Iron ore	163	161.85	-0.7%

Data Source FIS and Bloomberg

On paper, if you are looking at close only data, then the March Capesize futures continue to gain, closing 1.5% higher on the day. What this doesn't tell you is that we had a 24% upside move in the morning to a high of USD 20,500, before trading down to close USD 3,750 of the high. A big rejection candle is obviously bearish for the market, suggesting we could potentially see weaker pricing tomorrow. We look to highlight the obvious, the market has moved higher in recent days on high volumes, before dropping from USD 20,500 to USD 17,000 on little volume in a short period of time. Did the futures find heavy selling resistance, or is it a case of buyers holding off, as the market became overextended? If the pullback is on light volume (as I think), then the downside move should be considered as bullish, as this would imply buyers have stepped back as they look to seek value. If however the downside move was driven by heavy selling, then then the move would be considered as bearish, as market sellers have control. The market cannot ignore the upside rejection today but the technical side of the market leans to further tests to the upside, making the question of volume an important one to consider.

The Q2 Panamax anomaly that we highlighted yesterday has balanced out a little with the butterfly up USD 850 on the day.

The March Panamax suffered a similar fate to the Capesize, an upside move that traded 25% higher, before closing on the low of the day. A USD 3,000 plus move in the index today would suggest further test to the upside in the coming days. The question of volume is as relevant to the Panamax as it is to the Capesize sector. For more information on the technical side of the market please follow the link. Panamax Technical Report 17/02/21 <https://fisapp.com/wp-content/uploads/2021/02/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-17-02-21.pdf>

The smallest index on the day came from the Supramax sector, which came in up USD 860. The advance is the March Supramax has been more controlled, resulting in it producing the strongest close on the day, up 13%. However, the disparity between the futures and the index has grown to 25%, above 30% and this will start looking attractive to market sellers, as those sort of numbers would be unsustainable. Saying that, another big index tomorrow could bring the disparity back down. The technical remains bullish and the expectation of higher index figures is logical when it is up over USD 800 today

The big freeze in the Texas continues and this is effecting U.S oil production which has dropped an unprecedented 40%, the most ever (Bloomberg). We noted on the morning intraday technical that upside moves above the USD 64.07 level would target upside moves initially at USD 64.33 and potentially USD 64.65. the future have traded to a high of USD 64.75 with near-term upside targets now at USD 65.04. The technical is bullish but has seen a bit of a momentum slowdown ion the last few days. If the freeze continues in Texas, the bull argument will strengthen and with it your freight bunkers

Have a good evening