

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	12250	11075	-9.6%	Pmx 1 month forward	19000	19250	1.3%
Cape Q2 21	15325	15200	-0.8%	Pmx Q2 21	16400	16400	0.0%
Cape Cal 22	15125	15100	-0.2%	Pmx Cal 22	11425	11362.5	-0.5%

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Smx 1 month forward	18850	19875	5.4%	Brent	65.8	65.17	-1.0%
Smx Q2 21	16000	16250	1.6%	WTI	61.69	61.42	-0.4%
Smx Cal 22	11200	11225	0.2%	Iron ore	165.5	165.5	0.0%

Data Source FIS and Bloomberg

Having tested the downside overnight the iron ore futures have made a bit of recovery. Chatter on the broking desk is there are concerns over the supply outlook, this would explain the nervousness in the market overnight. From a producer’s perspective, margins are now in positive territory at CNY 216, suggesting high stockpiles or not, they will keep pumping out steel whilst consuming ore if there is money to be made. The onshore futures staged a bit of recovery in the night session whilst the March offshore continues to test the downside, without going anywhere. The RSI is holding above 50 with the stochastic oversold on the 4—hour March futures, indicating we could potentially be preparing for a test to the upside soon.

Base technical today, all 5 of them. For more information on the technical side of Base Metals please click on the link. Base Metals Technical Report 23/02/21 <https://fisapp.com/wp-content/uploads/2021/02/FIS-Base-technical-Report-23-02-21.pdf>

Yesterday we noted the futures were closing the day on their lows, warning we could see further weakness today, this resulted in the March futures trading USD 1,500 lower, before closing - USD 975 on the day. The futures continue to underperform the index which came in another USD 657 lower, at USD 13,216 (Baltic). The negativity seems to be focused on the front month as both the Q2 and the Cal remain well supported to close less than 1% lower on the day. USD 11,533 is the pivot point tomorrow and coincidentally a Gann level, upside moves above this level would suggest momentum is improving based on price, giving us near-term upside targets/resistance at USD 12,400 and USD 14,221. Needless to say, if we fail to trade above, and hold above this level we will probably test the buyer’s appetite to the downside between the USD 10,700—USD 10,450 area.

The Panamax index continues to move lower but is no longer impersonating the Capesize market. Down USD 137 today has resulted in a stabilization in the futures, the intraday swing is still over USD 1,600, but the March futures managed to close USD 200 higher than yesterday at USD 19,200. Price has moved around USD 5,000 in the last 3 days but closed within a USD 9,00 range, indicating there is some accumulation distribution going on as the market positions itself for the next move. The technical is neutral and in some textbooks, we would be calling this a blow off top. However, they said that about Tesla in September last year when the Futures were at USD 500, just before it near doubled in value. Tesla is now 31% off its USD 900 high and the Panamax rolling front month is 34.5% of its high. Markets need to consolidate after big moves, but both cycles look like they have potentially more upside in them.

Cigar time today, with the Supramax index continuing to blaze the way in the freight market with a move up of over USD 1,600 to USD 19,183. We backed our data yesterday even though the futures were within USD 25.00 of the previous high. This proved correct resulting in a USD 1,475 move higher in the March Futures, to confirm that we are on a bullish wave 5 of this phase. Our analytics would suggest that when we do correct it will be a countertrend move as we remain part of a bigger cycle. If this is the case, it backs our view that the Panamax market has more in the tank.

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If you read the Brent oil technical yesterday you would have seen that our wave analysis was bullish and suggested, we should trade above the USD 65,52 level. The report proved to be correct with the futures trading to a high of USD 66.79 on the opening candle of the day. Price has spent most of the day heading south since then, to test the daily pivot point at USD 64.73, which has ultimately held. Bloomberg has noted that gasoline demand is trending higher in the U.S and China, than in Europe, suggesting that demand is increasing. If this is the case then we should expect to see the market supported for a few days, until either more good news pushes us up, or a negative headline on the wire puts the market in a spin.

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