

FIS European Close

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change
Cape 1 month forward	14075	14675	4.3%
Cape Q2 21	15775	16125	2.2%
Cape Cal 22	15800	15625	-1.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	16800	16875	0.4%
Pmx Q2 21	16125	16150	0.2%
Pmx Cal 22	11425	11525	0.9%

	Previous Close	Current Close	% Change
Smx 1 month forward	16850	16750	-0.6%
Smx Q2 21	15875	15625	-1.6%
Smx Cal 22	11075	11075	0.0%

	Previous Close	Current Close	% Change
Brent	65.97	64.67	-2.0%
WTI	61.66	61.51	-0.2%
Iron ore	172.8	167.7	-3.0%

Data Source FIS and Bloomberg

Iron ore continues to consolidate with the futures moving sideways. Flat EMA's are signaling a lack of trend in the market whilst Chinese manufacturing data is pointing to a slower economic recovery. PMI figures fell to a nine-month low whilst the steel industry's PMI signaled improvement but remains below 50 (Bloomberg). Bloomberg steel margins have dropped a little, to CNY 171 but remain in positive territory, suggesting we will need to see a rebar correction at this point for the iron ore to move lower.

The Capesize index remains in a corrective phase but continues to hold above the USD 11,492 level. Down USD 255 on the index today did not stop buying action on the April futures, which have closed the day up USD 600 (4.3%), to USD 14,675. A low volume day with little activity would suggest the upside moves is not something to get excited about. If we are up another USD 600 tomorrow on high volumes, you might see some excitement build. The futures need to see bullish momentum in the index otherwise the futures are likely to try and fill the bullish gap that formed on the roll down to USD 11,825. Brent is coming under pressure with 90,000 futures long that will be out of the money below USD 60.00 suggesting bunkers could come under pressure.

On Friday we highlighted that the intraday chart might have gone into Cardiac arrest as there had been little price movement. We had a Panamax technical to save us from writing about nothing, unfortunately this is not the case today, here goes. Despite the Panamax brokers working hard with the defibrillator early on, initial signs of life on the open pushed the price back to the daily pivot point before activity faded. Sideways action for the rest of the day resulted in the futures closing USD 75 higher. More activity on the Cal 22 with market buyers paying up to USD 11,550, however with little movement in the fronts, market sellers took little encouragement to push the futures back into line.

The Supramax index was effectively unchanged today and this has reflected in the April futures. Like the Panamax we seem to have found value for the momentum as reflected in the intra market spreads that are sitting on 3-year average values. April is already discounted, the futures will need to see if any correct move lower on the index is going to be driven by owners, rather than charters trying to extract value. If it is the former then April will potentially hold for the correction, if it is the latter then it is undervalued.

Oil broke the USD 65.04 support this morning indicating the 60 min technical was weakening. The futures targeted the USD 63.78 level which has been tested and broken, warning the USD 62.60 support could come under pressure soon. Market longs are now looking to exit on the back of the looming OPEC meeting on Thursday (Bloomberg). Open interest has been increasing for the last three months leaving about 90 thousand futures longs vulnerable below the USD 60.00 level, meaning we could be in for a volatile week.

Have a nice evening

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com

FIS European Close

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

The unprecedented cold front in Texas resulted in crude output falling to 9.7 million barrels a day (EIA) with concerns of a shortage of global supplies now building, the futures have traded to an intraday high of USD 67.30 on the back of this news. Our morning report had suggested we have the potential for further upside moves, however this is data driven and not technical and could potentially change the Elliott wave footprint in the coming days. Time will tell...

Have a nice evening.