

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	19750	19750	0.0%	Pmx 1 month forward	20175	20900	3.6%
Cape Q2 21	20041.5	20325	1.4%	Pmx Q2 21	19200	19900	3.6%
Cape Cal 22	16200	16300	0.6%	Pmx Cal 22	12275	12450	1.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	21625	21900	1.3%	Brent	69.62	69.24	-0.5%
Smx Q2 21	19600	19850	1.3%	WTI	65.91	65.69	-0.3%
Smx Cal 22	11575	11725	1.3%	Iron ore	164.9	159.8	-3.1%

Data Source FIS and Bloomberg

No defense of the daily pivot point overnight on the April iron ore futures resulted in the market trading down to a USD 156.60 low, before trading back up to the USD 159.60 area. We noted on the morning technical report that the market had seen extreme upside and downside moves, leaving the wave analysis a little messy. Ultimately the cycle remained bearish leaving the futures to look vulnerable. As is the way at the moment, the futures traded to a new low in a single session (down USD 5.00), meaning the intraday futures have confirmed that are in a wave 5 with price now in divergence on the lower timeframe charts. The bearish price action follows a week that has seen a USD 10.00 move lower due to production curbs, a USD 10.00 move higher on the back of optimism relating to the start of the construction season to finish the week with another USD 10.00 plus move lower. Port stocks are now at two year highs, China looks intent on curbing steel production and have reiterated their intention to cut pollution, indicating we should see higher grade ore consumption alongside pellets and scrap. This has led Morgan Stanley to the conclusion that global iron ore markets should return to a surplus (Bloomberg). Lets see what next week brings, new highs probably!

The Capesize index moved lower again today but the April futures are holding firm to finish flat on the week. Further down the curve we are seeing buying support with the Q2 up 1.4% to USD 20,325, with the futures remaining active into the close. The technical continues to hold in bull territory at this point but more importantly is the long-term trend itself. Which although is on a wave 5, it just a wave 5 of this phase, suggesting the corrective move when it happens will be countertrend.

A flat index yesterday warned that momentum was slowing based on price and the futures market took that as bullish. The Panamax index was up 222 today with the April futures closing the day up USD 725 (3.6%). I had a little wobble in the week but I'm going to call it now, the USD 26,875 high that the market created when the futures went silly street is starting to look like a legitimate upside target. We had the April futures undervalued a couple of weeks back and that was the correct call. If the rolling front month fails to make a new high in the next bull move it will get there, the cycle analysis on the index would suggest that not only is there a bullish wave to come, we are still only in a wave 3.

Supramax, strong like a bull. We know there is a countertrend corrective wave 4 coming in the index but right now the Supra's seem willing to take on the world. The futures have now traded above the USD 22,025 level meaning we are now approaching our April target of USD 23,317. An we think it will get there...

A mixed day for oil as it has held above the daily pivot point. We take that as bullish as rising treasury yields had seen the greenback perform strongly on the European open. Brent had a wobble but ultimately held firm, the U.S Dollar basket has now given up early gains' suggesting we could see the futures test the USD 71.38 high. For more information on the technical please follow the link. Brent Daily technical 12/03/21 <https://fisapp.com/wp-content/uploads/2021/03/FIS-Technical-Oil-Report-12-03-21.pdf>

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