

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	19750	22500	13.9%	Pmx 1 month forward	20900	21875	4.7%
Cape Q2 21	20325	22575	11.1%	Pmx Q2 21	19950	21000	5.3%
Cape Cal 22	16300	16875	3.5%	Pmx Cal 22	12450	12600	1.2%

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Smx 1 month forward	21900	21675	-1.0%	Brent	69.23	68.87	-0.5%
Smx Q2 21	19825	20050	1.1%	WTI	65.56	65.35	-0.3%
Smx Cal 22	11725	11900	1.5%	Iron ore	159.8	157.65	-1.3%

Data Source FIS and Bloomberg

April iron ore futures traded down to new lows on Friday afternoon creating a positive divergence in the market. The futures have opened the day above the pivot point with price now USD 7.00 off the low, Price and momentum are now aligned to the buy side with price at the 50% Fibonacci retracement level (USD 159.48). The technical remains vulnerable to further downside moves below the USD 161.66 level, and neutral above. Little news on the wire but the steel margins are now above the RMB 300 level, suggesting we could see mills continuing to draw; however, pollution levels remain high in China indicating current curbs will remain in place, which could keep a lid on any upside moves in the near-term.

The Capesize index continues to produce positive pricing and is now above the USD 17,000 level (up USD 313 on the day). The RSI is at 55 with price having recently rejected the 200-period daily MA, if the RSI can go above and hold above the 62 level then we have the potential to see a freight run. The April futures held the USD 18,700 support level and created a higher high in the market, this would suggest that we are seeing some form of wave extension, opening the possibility of the futures trading up to a high of USD 25,934. However, if the futures run and the Index RSI does not go above 62 then the futures will be vulnerable to a potentially aggressive technical pullback.

On Friday we went all bull market and called the USD 26,875 high a legitimate upside target for the April Panamax (rolling front month futures), The index is pricing higher again at USD 19,116 and looks like it is readying to target the USD 21,323 high (or higher) in the near-term, the April futures closed USD 1,000 higher than Friday's close, at USD 21,900. Wave analysis remains bullish on the index and the front month futures suggesting downside moves should be considered as countertrend at this point. The key upside resistance level and near-term target for the April futures is between USD 24,600-USD 24,825, if the futures fail at this resistance zone then the upside move is considered as part of the larger corrective phase (bearish Gartley pattern) if we break resistance then the USD 26,875 high has a higher probability of being broken.

The Supramax index is showing a momentum slowdown based on price, with the index up just USD 65 today at USD 22,909. This has created a little bit of a wobble in the April futures which traded to a high of USD 22,500, before pulling back to USD 21,675. The rejection of our USD 22,375 Fibonacci resistance has resulted in intraday price and momentum being aligned to the sell side and brings into question of whether we will achieve our USD 23,317 target. We know there is a bear waiting to put the futures into a corrective wave 4 and the weakening intraday price and momentum is now a concern, as the futures have closed on their lows whilst in divergence, making USD 20,125 the key fractal support to follow on the daily chart. If we trade below this level, then the daily chart becomes corrective.

If you have seen our morning technical reports in Brent, you will have noticed that outside of the daily pivot point and Fibonacci projection levels we have a constant fix of support and resistance lines. Today the futures sold off to a low of USD 67.82, once again holding at our USD 67.80 support, before the market short covered into the close. The late upside move was driven by the USD basket moving lower, potentially on the tick up in T-bills. Brent looks like there is more upside to come within the current cycle but it is going to need some bullish rhetoric on the wire in the coming days to support a bull move.