

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	23750	24250	2.1%
Cape Q2 21	24600	24750	0.6%
Cape Cal 22	17425	17325	-0.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	27125	27250	0.5%
Pmx Q2 21	25325	25575	1.0%
Pmx Cal 22	13500	13575	0.6%

	Previous Close	Current Close	% Change
Smx 1 month forward	24000	23500	-2.1%
Smx Q2 21	21625	21925	1.4%
Smx Cal 22	12450	12450	0.0%

	Previous Close	Current Close	% Change
Brent	62.87	64.59	2.7%
WTI	59.53	61.47	3.3%
Iron ore	160.1	153.05	-4.4%

Data Source FIS and Bloomberg

Iron Ore

The Mexican stand off in the Iron ore futures ended abruptly on Friday after Tangshan extended steel production cuts to combat continued pollution issues in the region. The futures dropped around 3.5% to trade down to USD 154.00 in the April contract. The iron ore complex was already fragile due to the original cuts which now look like they will be more expansive and in force for the rest of the year. Rebar has moved higher on the back of the curbs, however Aggregate open interest has been dropping and needs to be monitored, if it continues to drop it would warn of potential exhaustion. At this point the higher rebar is supporting margins but with rising ports stocks on top of the additional cuts the bear argument is now winning, as regardless of the mill draw it will be substantially less.

App

Phase two of the FIS award winning App has now been launched. Live pricing, Technical analysis with Added market reports as of Monday, covering Wet Freight, Container Freight, Air Freight, Base Metals and Fertilizes as well as Freight, and iron ore. The Base metals pricing will have an RFQ function (request for Quote), with Customization functions alerting you on market movements, and an internal notification banner updating on services and market news allowing you to be informed on the move, or if you prefer you can have it on your desktop to take full advantage of our candlestick charts. For more information, please contact Jack Harding on Jackh@Freightinvestor.com

Capesize

The index came in up USD 564 today at USD 19,437 meaning the RSI is at USD 61.96. As previously highlighted, this technical is now nearing a key momentum resistance, on the previous 6 occasions an RSI move above 62 has resulted in a momentum run that has pushed the index substantially higher. This does not mean that it is guaranteed to go up, but it is going to help the bull argument. Steel curbs and falling oil prices could counter the bull momentum, however based on the historical past performance this would be considered as a high-risk area to open a short position, better to see if the resistance holds rather than to second guess it. Softer pricing on the open in the April futures quickly found buying support to keep the futures above the daily pivot point, resulting in price closing USD 500 higher on the day, at USD 24,250. If the futures open below USD 23,958 on Monday, we could see the futures enter a corrective phase, as this looks like it will be the Pivot level.

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Panamax

The Panamax index was up USD 1,373 today to USD 25,437 with the April futures entering a consolidation phase, effectively giving the index a chance to play catch up. The Intraday Elliott wave cycle continues to suggest that downside moves should be considered as countertrend, with the current wave now more than 161.8% the length of the previous wave warning we have the potential to enter a corrective wave. A rejection candle yesterday and a Doji star today on the daily chart would suggest there is an element of indecision in the market. If we open on Monday below USD 27,000, we could see some intraday weakness in the market.

Supramax

The futures have entered onto a corrective wave 4 of the current Elliott wave phase with the index and the April futures within USD 100 of each other. The index is up again but just USD 89, to USD 23,347, meaning we are seeing a momentum slowdown based on price, this would explain the USD 500 pullback in the Front month futures. The intraday Elliott wave phase is suggesting that we still have room for another test to the upside, but so did oil and that got messy. If the index produces any form of aggressive pullback then the futures will go with it. Supporting the Supramax is the Panamax, which is in the same intraday cycle implying we should hopefully see phase completion in an orderly and correct fashion.

Oil

Flash crash or cycle completion? Our indicators have this as a cycle completion of this phase; however, it is marginal, we could be wrong. In our favour the market has made a lower low. For more information on the technical aspect of the market, please follow the link. FIS Technical – Brent May 21 19/03/21 <https://fisapp.com/wp-content/uploads/2021/03/FIS-Technical-Oil-Report-19-03-21.pdf>

It is a wrap.

Have a nice weekend.

Ed Hutton