

FIS European Close

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

| | Previous Close | Current Close | % Change |
|----------------------|----------------|---------------|----------|
| Cape 1 month forward | 23750 | 20550 | -13.5% |
| Cape Q2 21 | 24275 | 22100 | -9.0% |
| Cape Cal 22 | 17125 | 16800 | -1.9% |

| | Previous Close | Current Close | % Change |
|---------------------|----------------|---------------|----------|
| Pmx 1 month forward | 26700 | 22875 | -14.3% |
| Pmx Q2 21 | 24550 | 21125 | -14.0% |
| Pmx Cal 22 | 13225 | 12700 | -4.0% |

| | Previous Close | Current Close | % Change |
|---------------------|----------------|---------------|----------|
| Smx 1 month forward | 22575 | 20950 | -7.2% |
| Smx Q2 21 | 21250 | 19500 | -8.2% |
| Smx Cal 22 | 12250 | 11750 | -4.1% |

| | Previous Close | Current Close | % Change |
|----------|----------------|---------------|----------|
| Brent | 64.29 | 60.9 | -5.3% |
| WTI | 61.47 | 57.87 | -5.9% |
| Iron ore | 151.7 | 154.7 | 2.0% |

Data Source FIS and Bloomberg

Iron Ore

The April futures climbed to USD 155.60 overnight as investors weighed the impact of steel production curbs against long-term demand (Bloomberg). Rising margins at the mill may have been a short-term factor in the push as they are now at RMB 630; however, margins are expected to rise as output drops, so at this point they should not be used as a guide, as they will be distorted. Having moved higher the futures failed to trade above the USD 157.37 resistance, leaving the technical vulnerable to a move to the downside move, which has been the case. The trend is currently bearish on the intraday with the RSI below 50 and the stochastic overbought, meaning momentum is vulnerable to further downside moves also.

Capesize

We highlighted today as key day due to the Index RSI being at the 62 level, upside moves above this level have historically created a momentum run. The tone was set early on with the April futures getting sold lower on the open, warning that the RSI resistance could hold, the index came in down USD 637 at USD 19,114 with the futures closing USD 3,200 lower at USD 20,550. Effectively closing the disparity between the April and the index. The deep pullback means the trend is now considered as neutral with intraday price and momentum weak. For the record, the index RSI is now at 60.

Panamax

Yesterday we highlighted the futures were technically bullish but potentially in the early stages of a corrective phase. Price had closed around today's expected pivot point, making the USD 26,483 an important level to open above, however the futures gapped down on the open by nearly USD 2,000, to close the day at USD 22,875. The futures are now trading at a discount of USD 2,635 to the index suggesting this should price lower tomorrow. If the index holds above the USD 24,260 level, then we could see the market finding buying support in the coming days. The technical suggests this is a corrective phase, however if the futures trade much past the USD 21,897 level then questions will be asked of the bull count. Corrective but looking undervalued on the close.

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Supramax

As highlighted on the technical report yesterday the April futures had entered a corrective phase. The index was down 77 to USD 23,381, whilst the futures closed USD 1,625 lower at USD 20,950. The futures have traded below the USD 21,821 level meaning we look to have entered a corrective wave 4, however this is not yet confirmed. The technical is corrective but the Elliott would suggest the longer-term trend is not yet finished.

Oil

We plumped for corrective phase rather than a technical pullback and this seem to have been the correct call with the Brent futures off another USD 3.74 today. NY, Germany, and France have rapidly rising Covid cases, and this is the reason behind the sell off. Global lockdowns are looming, indicating consumption will once again drop, meaning oil longs are now exiting the market. If the futures go much past 60.48 then it will target the USD 58.68 level and potentially the USD 56.48 support. This market needs to find a balance point but with no good news on the horizon it could just continue to drift until infection rates start to drop.

Have a nice evening.

Ed Hutton