

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	24125	25625	6.2%
Cape Q2 21	23300	24750	6.2%
Cape Cal 22	16925	17275	2.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	19775	20900	5.7%
Pmx Q2 21	19625	20650	5.2%
Pmx Cal 22	12750	13425	5.3%

	Previous Close	Current Close	% Change
Smx 1 month forward	17475	17925	2.6%
Smx Q2 21	17350	17825	2.7%
Smx Cal 22	12175	12350	1.4%

	Previous Close	Current Close	% Change
Brent	63.57	62.58	-1.6%
WTI	59.43	59.16	-0.5%
Iron ore	155.5	157.2	1.1%

Data Source FIS and Bloomberg

Iron Ore

Steel inventories in China continue to drop as production curbs start to filter through the supply chain. The drop at this point is not significant but it is causing the onshore Rebar futures to make new highs, conversely pushing margins up to RMB 1,110. Iron ore continues to remain supported within bullish channel, for more information on the iron ore technical please follow the link. Iron Ore Offshore 01/04/21 <https://fisapp.com/wp-content/uploads/2021/04/FIS-Technical-Iron-Ore-01-04-21.pdf>

Capesize

Early interest in the pacific from Vale pointed to a positive index on the open, with the both the April and May futures bid from the start. The Index just came in USD 1,526 higher, at USD 19,853; significantly it has made a new high creating a 5th wave, suggesting we could trade as high as USD 24,266 and potentially higher in the near-term. The 21 period RSI is now at 60.90 and looking like we could possibly break the 62 level this time around. May and Q2-21 were both up 6.2% with the Cal 22 up over 2%, suggesting the move is more than a sentiment driven play as it is not just the front months that are moving higher. Key focus is back on the index RSI and the 62-resistance level for an early signal of a momentum run.

Panamax

Similar gains in the Panamax futures with the May contract closing the bearish gap created by the roll. The Q2-21 futures have held our support zone suggesting the bullish Gartley pattern that we highlighted could be in play, with the futures now USD 1,200 above our support. Upside moves above the USD 22,359 level will further support a buyer's argument; below this level the technical will remain vulnerable. The index continues to weaken (down USD 834 to USD 21,018) but the futures pricing would suggest we could see some support coming into the market soon. Grain buyers have been active, the move is sentiment drive now but historically the futures wag the tail, so we will be looking for signs of a momentum slowdown soon.

Supramax

The downside move in the index is slowing (USD 337 lower at USD 20,241) with the disparity between the May and the and the index at around USD 2,300. Our support level in the rolling front month continues to hold but we still have a long way to go to take the trend from bearish to neutral, at this point we remain vulnerable below the USD 20,204. The index RSI at 55 is nearing the 50-support level, it may dip below it but our wave analysis still suggests that there is further upside in this cycle.

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Oil

I went for unchanged; OPEC went for a gradual increase over the next 3 months, up 350k in May and June and 450k in July. How did the market take this? It went down, up, down then up again and has effectively gone nowhere. Too early to tell if we push on from here or not, any upside moves with increasing open interest should have market shorts looking to cover. The dollar basket does not like it but then the basket is rejecting the 200 period MA so it could have nothing to do with it.

If you do not get a Buttons egg, be understanding, as I have been buying them up for weeks.

It is a wrap.

Have a nice weekend.

Ed Hutton