FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	25625	26250	2.4%
Cape Q2 21	24750	25375	2.5%
Cape Cal 22	17275	17437.5	0.9%

	Previous Close	Current Close	% Change
Pmx 1 month forward	20900	19925	-4.7%
Pmx Q2 21	20650	19650	-4.8%
Pmx Cal 22	13425	13200	-1.7%

	Previous Close	Current Close	% Change
Smx 1 month forward	17925	17200	-4.0%
Smx Q2 21	17825	17425	-2.2%
Smx Cal 22	12350	12250	-0.8%

	Previous Close	Current Close	% Change
Brent	62.3	63.92	2.6%
WTI	58.79	60.57	3.0%
Iron ore	160	161.15	0.7%

Data Source FIS and Bloomberg

Iron Ore

As highlighted on Fridays technical the futures remain supported within a bullish channel. On the morning note we cited the bullish head and shoulders pattern that has a near-term target of USD 164.28 with price needing to close above the 200-period MA (USD 162.00) on the 4-hour candle. Rebar continues to push and is trading near its highs due to production curbs and seasonal demand. Iron ore margins have also moved higher and are now at RMB 1,406, which is the highest level on my chart that starts in 2,009. Iron ore port inventories are at the highest level since October 2019 giving a conflicting story. Stocks are building on the back of production curbs, but margins are at record highs for the same reason. Ore is supported, the technical suggests there could be more upside in the near-term with the May futures above the 200 period MA. The big question is how will the market react to this Government intervention? The weekly chart is forming an asymmetrical triangle (neutral pattern) which we would expect to see is a corrective wave 2 or wave 4, warning of bullish price action to come; however, expecting the market to follow a psychological footprint is a big ask, suggesting directional bias is going to come from a technical breakout, which at this point could be in either direction due to the neutrality of the weekly pattern.

Capesize

The May futures continue to trade at a USD 5,000 premium to the index; however, if the futures are a lead indicator to the index it is worth noting that the 21 period RSI on the index is now above the 62-resistance level (63.86), with price testing USD 21,137 Fibonacci resistance. Since August 2019, the RSI has gone above the 62 level on 5 occasions, with the smallest upside move being 38.46%. This does not mean that we are going to see a 38% move (this would put the index at 29k), and it is important to note that there is no guarantee that we will see any upside move, however if history is to repeat itself then there should be an element of optimism from the owners at this point.

Panamax

The index came in down USD 474 to USD 20,544 today, creating more selling pressure in the futures market. The USD 1,200 gain that we had seen in the Q2-21 off support levels last week has now been erased with the futures closing the day on the top of our support zone between USD 19,420—USD 19,205. A potential Gartley pattern remains in play on the Q2-21 as we continue to hold support; meanwhile the May futures are looking to test the USD 19,250 support, below this level the lower timeframe intraday technical looks like it could produce a positive divergence. The futures remain in a bearish phase but there are signs that we have the potential for a momentum slowdown soon.

Continued on Page 2

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

Supramax

Nothing has changed on the Supramax technical with the May futures losing another USD 925 today, to trade USD 2,900 below the index. The new low in the front month futures has created a positive divergence with price, this means the futures are making a new low, but this is not being matched by our RSI or MACD, warning of the potential for a momentum slowdown. The technical is corrective but due to the divergence the futures are not considered a technical sell at this point. Note, the divergence is not saying the market is a technical buy, this needs price and momentum to be aligned to the buyside, which it is not at this point.

Oil

Some interesting comments from John Kemp the Reuters analyst today. highlighting that hedge funds were in the market short covering last week. Caution is creeping into the market due to the rising COVID infections and this is reflected in the aggregate open interest which has dropped again, indicating market longs above the USD 50.00 have exited the market. Consolidation on both the daily and intraday technical would imply the market is neutral at this point; however, the weekly chart continues to look vulnerable, suggesting downside moves below the USD 60.27 could target the USD 54.52 level which makes me question if the covering may have been a little early.

Have a nice evening.

Ed Hutton