FERTS AGRI OIL WET FFAs DRY FFAs IRON ORE METALS AIR FREIGHT COAL

# FIS European Close

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	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Cape 1 month forward	26375	26325	-0.2%	Pmx 1 month forward	18250	17225	-5.6%
Cape Q2 21	25333.5	25400	0.3%	Pmx Q2 21	18100	17087.5	-5.6%
Cape Cal 22	17525	17300	-1.3%	Pmx Cal 22	12975	12750	-1.7%

	Previous	Current			Previous	Current			
	Close	Close	% Change		Close	Close	% Change		
Smx 1 month forward	17100	16500	-3.5%	Brent	63.16	63.37	7 0.3%		
Smx Q2 21	17175	16825	-2.0%	WTI	59.77	59.75	0.0%		
Smx Cal 22	12175	12050	-1.0%	Iron ore	164.61	165.17	7 0.3%		
					Data Source FIS and Bloomberg				

#### Iron Ore

The head and shoulders in the May offshore iron ore is the pattern that just keeps giving. Yesterday we achieved the 100% projection level of USD 154.28, before coming off in the evening session and today we achieved our 127% target. USD 167.57 (1.27 being the square root of 161.8) before moving lower into the close. Steel profit boom is the headline on Bloomberg, which although correct is not seeing the iron ore follow at the same rate due to the price distortion. The trend is in a bullish formation with resistance at USD 167.57 and USD 169.74. is there another buying power to break the secondary resistance trend line? Fundamentally it does not add up, mills might be drawing what they can regardless off price but port stocks are building and at some point the reality of lower production has to become a factor.

#### Capesize

Yesterday we highlighted that downside moves should be considered as countertrend and that view remains in place. The May futures have pulled back USD 1,500 from the USD 27,250 high on the open yesterday, with Fibonacci support between USD 24,623 and USD 22,712. There is a rule of alternation where a deep pullback is followed by a shallow pullback, which if this is the case we should not test the USD 22,712 support, as below this level the technical becomes neutral and the probability of the futures hitting new highs will decrease. On a more positive note the index continues to move higher (albeit at a slower rate), the Elliott wave Williams approach would suggest the near-term target is at USD 24,226 whilst the previous RSI breakout would suggest USD 29,000. Just an observation but the Baltic C5 May contract has a big wave (Dec—Jan) followed by 5 little waves (Feb—Mar), that's 7 waves, which to me would suggest that there is a wave 3 extension going on meaning the downside moves in the C5 is also suggesting it will be countertrend as theory suggest the cycle should be 5 waves or 9 waves and we only have 7.

### **Panamax**

A quote form an un-named source today described the physical market as falling to pieces. With the index coming in down USD 1,774 to USD 18,108, it is hard to put a bullish argument forward. However, this cup is half full, yes the market is currently falling to pieces, having sold off USD 8,000 form the highs, to be only 115% above the 5 year average value for this time of year. The correction is hard because it comes from a high place, the index only becomes neutral below USD 14,329 and as long as it holds above the USD 12,079 level we will not have a wave overlap (one of Elliott's golden rule), meaning the market would still be considered as bullish. If you want to see the wave Elliott wave count on the index mail Edwardh@freightinvestor.com and I will send it over.

## Continued on Page 2

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Supramax

The technical yesterday had a lot of focus on corrective patterns with the Q3-21 showing a textbook bullish Gartley pattern. The index continues to slowdown but the futures seem to have had one eye on the Panamax today with the Q3 contract moving USD 425 lower to USD 14,675. The futures remain above the USD 14,350 low wit the Gartley pattern still in play, the reality is this is not an exact science so there is still room for slippage below the USD 14,675. Like the Panamax we see these moves as corrective and bearish. The intraday futures have not entered into bull territory so we are not advocating the market as a buy, but that is the signal we are looking for rather than downside continuation. Key support USD 13,825

Oil

Just a short not on oil today for the simple reason the market is unchanged for yesterday with the futures producing sideways action. News on the wire is that the Saudi Energy minister is confident they made the right decision to increase output over the next 3 months, he did sign off saying that if things go South they can easily reverse it. that should make the bear tread with Caution!

Have a nice evening.

**Ed Hutton** 

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