

# FIS European Close

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No Matrix due to the bank holiday

## Iron Ore

Data Source FIS and Bloomberg

The iron ore market remains closed in China for Golden Week, meaning we are seeing little price activity other than a momentum push which we noted on Friday's morning technical. News on the wire is Steel Super Cycle is here with more room to run (Bloomberg; Credit Suisse), we also have the standard headline of futures advance on demand outlook, Brazil flows weighed. With the technical telling a similar story on iron ore it would seem that USD 200.00 is becoming a reality

## Capesize

On Friday we noted that the roll into June had not been deep enough to put the technical into bearish territory, meaning our upside targets remained in place, the futures are up another USD 3,875 today on the back of the index which came in up USD 2,351, to USD 42,959. We also noted that we are probably on wave 3 of 3 on the index, today we took a closer look at the rolling front month future. In brief (full Elliott wave dialogue with charts available on request) Feb is wave 1—2 of the main cycle we are following (607 min chart), March is wave 1—2 of the cycle on a lower time frame (60 Min chart) March to April are waves 1,2,3 on the lower timeframe (346 Min chart), meaning we are on wave 3 or 3 of this phase. Super cycle, hard to say; but if you are a ship owner right now, you are eating a can of Heinz Big Soup, to go alongside your Elliott wave Big cycle. Within this Feb 24th—May 4th cycle, we still have a corrective wave followed by a bull wave to come, indicating market sell offs should be considered as countertrend rather than bearish. Not wanting to get too carried away, but you may have seen that CS are calling steel a Super cycle, with more to come.

## Panamax

No consolidation in the Panamax as the capes are strong like a bull. The index triggered a buy signal last Thursday and continues to push higher, taking the futures with it. We noted on the 14/04/21 that the rolling front quarter had an upside target of USD 26,475, a move higher of USD 5,000 in the Q3 since then means this is fast becoming a reality. Our target has not changed, we think it should get there, the technical says it, the index is back in bull territory and the Capes are looking like this cycle has legs. However, time is an illusion that stops everything happening at once (Einstein) so look at the Q3 Panamax V Supramax spread as it has moved USD 2,000 in a matter of days. The cycle might be bull but there is a chance that the spread could see a correction in the coming days as it needs to rebalance.

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## Supramax

Wave 4, wave 4, it has not been an interesting read, but then nobody will accuse me of being an interesting person. The rhetoric may have been repetitive last week but the point we have been trying to get across is that the rolling front month futures (June) need to trade above the USD 24,875 level. We are not there yet, but we are up USD 1,500 today, suggesting that we might be onto something here. The tail wags the dog in this market, implying the downside move in the index could come see a momentum slowdown on the back of the paper. For what it is worth, we target USD 27,771 for this phase in the rolling front month.

## Oil

Somewhere I have lost a wave within the oil cycle. We noted that we needed an event of some sort to put push the futures through our USD 69.04—USD 69.81 resistance zone, and this may be the case, as the futures have traded to a high of USD 69.04. On paper I should be glowing that the first resistance has held, however my customized MACD has just made a new high, indicating the 26/04/21—29/04/21 move was the first wave of a larger phase. I genuinely do not see that 5-waves in that pattern, but the MACD high is now indicating we are on a wave 3 of a higher timeframe. We still have some work to do due to the resistance highlighted on Friday's technical, but if we have jumped a cycle, they will become targets for market bulls.

Have a nice Evening.

Ed Hutton