# **FIS** European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	43250	37375	<u> </u>	Pmx 1 month forward	25675	24500	
Cape Q3 21	34875	30875	-11.5%	Pmx Q3 21	22500	21900	) -2.7%
Cape Cal 22	21625	20375	-5.8%	Pmx Cal 22	15750	15400	) -2.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	24300	24250	-0.2%	Brent	68.55	68.4	-0.2%
Smx Q3 21	21350	21025	-1.5%	WTI	65.31	65.01	-0.5%
Smx Cal 22	14325	14125	-1.4%	lron ore	186.8	195	4.4%

Data Source FIS and Bloomberg

## Iron Ore

Along time ago on a technical far, far away, we noted that there had been an ascending triangle breakout on the weekly chart that suggested an upside moves that could trade as high as USD 206. Golden week is over and Chinese buyers are back with a vengeance across the commodities complex, pushing the spot ore price above USD 200 a ton for the first time. Our upside target for the June futures remains between the USD 206—USD 210 level, however with margins at RMB 1,256 and rising steel prices it will be hard to cool the market. We are basing this on the previous attempt to curb steel production has resulted in a price rally of about 25% in ore, suggesting that whilst they feed the construction demand, ore will continue to rally.

## Capesize

An aggressive pullback today in the Capesize market with the front month futures done 9.8% and the Q3 down 10%, on the back of the index dropping USD 1,965 to USD 42,852. The June contract is down USD 5,875 meaning it is clearly in a corrective phase, the move is exaggerated and could in turn drag the index with it. Our wave cycle says this is a corrective move and not bearish at this point, with near-term key support at USD 35,323, as below this level the technical enters a neutral phase, it will not be considered as bearish unless we trade below USD 30,000. The reality is the rolling front month futures have seen the futures rally USD 37,500 since Feb, whilst we have seen an open interest build since January of 55,000 days. As a rule, an open interest build on a rising market would indicate fresh money is entering the market from the buyside, the move down is aggressive but at this point it is only market longs from the week ending the 30/04/21 that are exiting, I.E long above the USD 39k level. Putting this into perspective, this is buyers from the last two trading days exiting the market. The USD 35,323 to USD 30,000 will be far more interesting, as there is a 10,000-day open interest build between this area, meaning it has the potential to find market bulls ready to defend their position. Corrective yes, bearish no, at this point we are looking at just an Elliott wave 4.

#### Panamax

The index is up USD 548 today at USD 24,846 with paper down USD 925 to USD 24,750, largely on the back of the Capesize sell off, putting the index and futures at an equilibrium. From a technical perspective the market has re-balanced but remains in a bullish wave 5 with a near-term upside target at USD 28,250. Downside moves below the USD 23,509 level would take the intraday technical into a neutral phase. Price is holding the USD 24,537 support with the RSI above 50 and short-term indicators in oversold territory. Intraday momentum is looking vulnerable to a test to the upside here.

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

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#### Supramax

Up 227 today on the index means we are showing bullish momentum based on price and this is reflected on the paper, which has closed USD 100 higher today despite the selloff in the big sisters. Nothing has changed technically as price is holding above key support levels, keeping it in bullish territory, our Wave analysis still has an upside target on the 4—hour chart at USD 27,771. It is worth noting that we look to be nearing the completion of this extended wave 3, as we have three different Elliott wave cycles merging between USD 25,854 and USD 27,571. This does not mean that we cannot trade through the resistance zone, but it does mean that upside moves look limited and from a technical perspective we would not consider it a buy on a new high breakout at this point.

Oil

Oil Slips with Uneven Global Rebound in Demand Tempering Rally—this is the Bloomberg headline today following the 8 million draw yesterday that signaled we could be seeing a recovery. We see this as a corrective wave 4 with key support at USD 67.39. There are some questions about this cycle as we are holding the upper end of the resistance zone from last Friday's technical report. If we hold above 67.39, we should test the USD 71.38 resistance, if we trade below this our view becomes neutral.

Have a nice Evening.

Ed Hutton

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