FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	36250	34000	-6.2%	Pmx 1 month forward	24450	24125	-1.3%
Cape Q3 21	33250	32166.5	-3.3%	Pmx Q3 21	23125	22875	-1.1%
Cape Cal 22	20750	20688	-0.3%	Pmx Cal 22	15875	15825	-0.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	25125	24925	-0.8%	Brent	67.05	68.15	1.6%
Smx Q3 21	21875	22000	0.6%	WTI	63.79	64.83	1.6%
Smx Cal 22	14925	14900	-0.2%	Iron ore	226.75	202.15	-10.8%

Data Source FIS and Bloomberg

Iron Ore

Iron ore came under fire this morning after Tangshan city banned steelmakers from fabricating or spreading price hike information. Ferrous metals have been falling since premier Li pledged to control the commodities surge earlier this week (Bloomberg). This has resulted in the futures becoming what can only described as silly street, having dropped from a record USD 233.75 on Wednesday to a low of USD 187.10 today, before closing the week at USD 198, having traded above USD 203. The technical is neutral, the regulation on information has clearly been non-existent, as has the enforcement of production curbs. In theory, without intervention the futures have the potential to produce further bull moves based on the technical. However, this market is currently rhetoric driven, so for now we would suggest following the wire and not the averages.

Capesize

A worse than expected index today (downs USD 3,182 to USD 34,542) has seen the June futures move another USD 2,375 lower. However, price has proven to be resilient with the futures closing the day USD 1,500 of their lows. As previously stated this looks to be a corrective wave 4 of this phase with USD 28,210 a key support level to follow. One chart that has caught our attention is the Cal 22 v Cal 23 spread, which is around the USD 2,600 level. The highest it has been in the last 5 years is USD 3,000. The highest high for this time of year over the last 5 years is just over USD 1,000; the seasonality chart does suggest that the spread should go bid again in June, making me wonder if we will see some form of mean reversion first? From a technical point of view there is a negative divergence in play warning of the potential for a momentum slowdown, whilst the stochastic is in overbought territory. One to keep an eye on if it nudges back up.

Panamax

The index came in USD 502 lower today at USD 25,316 and this has resulted in downside selling pressure in the June futures. However, like the capes the markets have gone into the weekend catching a bit of a bid, down USD 325 on the day, but USD 750 off their low, suggesting we are seeing buying support in the market. We missed a bit of a sitter today as the Pmx v Smax Q3-21 had a mid-value of USD 350 around lunchtime and I had intended to highlight this as a potential buy. However, it is closing the day at USD 875 which is a little frustrating, but if it does drop back below USD 500 it could see some buying interest creeping in. Technically the June futures have made a lower low on the intraday meaning they are considered as corrective, is this cycle completion for this phase? Potentially, but with the market effectively closed yesterday and quieter today I would like to see how it reacts on Monday before making that call, as the RSI is above 50 whilst faster moving averages are oversold, suggesting we could potentially catch a momentum bid on Monday.

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

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Supramax

There really is little change from yesterday, with the index giving a repeat performance, up USD 150 again to USD 25,264. The June futures have moved another USD 200 lower and at his point I would suggest the market is drifting rather than selling off, as there is a lack of urgency in the market pullback. Technically the RSI is still above 50 with faster momentum indicators looking oversold suggesting there could be another test to the upside coming.

Oil

The oil technical might have been saved by a weakening dollar today having closed below trend support last night. Price remained above the key fractal support of USD 66.10 so it had a small win there as well. Price is now higher but remains below the USD 68.73 level, upside moves that fail here remain vulnerable from a technical perspective, above USD 69.95 would suggest bullish momentum. On the wire the Mississippi river is back open, which although linked to agriculture more it does carry crude oil and refined products on the waterway so I thought I would give it a mention.

Have a nice weekend

Ed Hutton

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