

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	33875	31000	-8.5%	Pmx 1 month forward	24125	22625	-6.2%
Cape Q3 21	32275	30850	-4.4%	Pmx Q3 21	22875	22250	-2.7%
Cape Cal 22	20688	20125	-2.7%	Pmx Cal 22	15825	15600	-1.4%
	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	24925	24625	-1.2%	Brent	68.83	69.57	1.1%
Smx Q3 21	22000	22000	0.0%	WTI	65.51	66.35	1.3%
Smx Cal 22	14900	14750	-1.0%	Iron ore	202.15	207.3	2.5%

Data Source FIS and Bloomberg

Iron Ore

The probability of a downside breakout on the onshore futures was slightly higher than to the downside due to the two previous days being bear, however the breakout came to the upside indicating bullish momentum based on price. The upside move on the DCE futures has added another USD 5.00 to the June offshore contract which has closed out the day at USD 213.25, some USD 27.00 off the intraday low on Friday. From a technical perspective wave analysis is indicating that we have another test to the upside within this phase, but the deep pullback means the futures are considered as neutral. The bulls are winning the argument now and we highlight the USD 223.76 as a key resistance level to watch out for.

Capesize

The future opened lower but caught a bid on the European open with price moving USD 2,000 higher, to USD 34,375. However, a weaker index caught the market by surprise causing buyside paper to pullback for better value. We still think this is corrective and not bearish, for more information on the technical please click on the link. <https://fisapp.com/wp-content/uploads/2021/05/FIS-4-PAGE-TECHNICAL-REPORT-CAPE-SIZE-17-05-21-1.pdf>

Panamax

The index is now in a corrective phase with price down another USD 473 to USD 24,843. The futures had been showing signs that we could be finding a base, having closed the week finding support; however, price started coming under pressure on the Capesize index, before dropping USD 1,000 in the afternoon session to close the day at USD 22,625. The short term technical is looking oversold on the daily chart but will need to close above the USD 23,900 level tomorrow for momentum to be seen to be increasing to the buyside, downside moves below the USD 21,325 level will create a lower low on the daily chart indicating the 5th wave of this phase was the USD 28,250 high that equaled the high from the 18/03/21. Note the PMX v SMX Q3 has closed the day at USD 250 putting in an area of interest to market buyers.

Supramax

Clearly not getting the corrective memo is the SMX index, which came in up another USD 148 to USD 25,412. The June futures continue to correct with paper down another USD 300 to USD 24,625. If the paper is the lead indicator than we should see a change to the downside soon; however, we continue to drift with little downside aggression at this point, this brings us to the PMX v SMX rolling front month spread which is at USD —2000. Admittedly it is the prompt but on the previous two occasions that we were down at these levels (09/03/21 and 26/04/21) we witnessed a USD 7,000 move and a USD 4,000 move, suggesting we could be about to see either a paper bounce in the PMX or an acceleration in this correction. One to keep an eye on!

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Oil

Saved on Friday by the weakening greenback the oil futures have not looked back. The upside move into the U.S. close took the technical from bearish to neutral, with price action continuing to push higher. If we go above the USD 69.95 level the intra-day technical will be considered as bullish. News on the wire is supporting the move citing a summer demand recovery, However the story on the wire is after the E.U close, suggesting it is a case of the cap fits so we will write about it and chuck in some Covid recovery etc. The reality is the market started buying on the 13th and 14th based on the open interest build, implying market players are backing a lack of weakness as a reason to buy. 5- Year seasonality charts would suggest that this upside move could be limited so it will be interesting to see the wire in a few days' time.

Have a nice Evening.

Ed Hutton