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



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	Previous	Current			Previous	Current	%	
	Close	Close	% Change		Close	Close	Change	
Cape 1 month forward	31000	33700	8.7%	Pmx 1 month forward	22625	24325	7.5%	
Cape Q3 21	30850	33750	9.4%	Pmx Q3 21	22250	23650	6.3%	
Cape Cal 22	20125	21000	4.3%	Pmx Cal 22	15600	16100	3.2%	

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forw	ard 24625	25925	5.3%	Brent	69.6	68.71	-1.3%
Smx Q3 21	22000	23250	5.7%	WTI	66.38	65.48	-1.4%
Smx Cal 22	14750	15225	3.2%	Iron ore	207.3	214.5	3.5%

Data Source FIS and Bloomberg

Iron Ore

USD 217.88 is the level for iron ore, above it and it will neutralize the bear wave and effectively support a buyer's argument as the Elliott wave cycle still points to a potential bullish 5th wave of this phase. Price has now tested and failed to trade above it twice creating a tweezers top (double top), above this level the USD 233.75 level will become a legitimate target, if resistance holds then USD 197.41 is the key support for market buyers. Some saber rattling from China regarding diversification of supply has thrown the spotlight on trade tensions, however this is just talk for now, a sign of intent potentially that could be a political move to put pressure on the Aussies. If it is more than that, then with ore at record levels it would be considered a risky move at this point (Bloomberg).

Capesize

The index is down again but momentum is slowing (down USD 1,273 to USD 31,429). Having opened flat, the June futures found buying support to close USD 2,700 higher at USD 33,700. The close is on the high of the day but not above the high of yesterday; however, in the spirit of a bull trend we should highlight that yesterdays close plus yesterday's 5-period average true range (ATR) came to USD 33,677, suggesting we could be seeing a volatility breakout to the upside. It is not a guarantee of an upside move tomorrow but it will support a bull argument, in a perfect world we would like to have seen a close above the USD 34,375 high of yesterday, or above the short period average at USD 34,091. However, it is a volatility expansion and does warn that momentum is improving based on price.

Panamax

Yesterday we noted the technical was looking oversold with a need to close above USD 23,900 today for momentum to be seen to be improving, based on price. Like a performing seal the futures have rallied USD 1,625 to close at USD 24,250, despite another negative index (down USD 497 to USD 24,346). The Pmx v Smx Q3-21 spread remains interesting having closed slightly higher at USD 400, with the intraday price above 600 at one point. No real movement on this spread yet, but one to keep an eye on. Technically a good close in the June above the high of yesterday's candle, indicating we could see further upside moves and a slowing in the index tomorrow.

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Supramax

If there is one thing we can say about the Smx index it is that it is consistent, having produced another upside move of USD 150 today to USD 25,563. The June futures had been in a corrective phase but drifting with no selling aggression behind it, indicating a lack of buyers rather than selling pressure. With the Capes and Panamax both soaring like salmon it is little surprise to see a strong performance in the June which has closed USD 1,300 higher. Interestingly we have closed above the previous 3 candles, for those that look at three-line break charts, I think, if I am not mistaken that is a buy signal. For the record (and MIFFED) this is an observation and not a trade recommendation. A quick note on the Pmx v Smx 1 month forward spread (June) this closed the day up USD 400, having been up USD 800 at one point. Again, one to keep an eye on.

Oil

Classic move by the black gold today, we traded above the USD 69.95 level taking it into bullish territory, before promptly correcting. The Iranian nuclear deal seems to be the driver after a Russian envoy in Vienna said that significant progress has been made to broker a deal between the U.S and Iran, resulting in the futures dropping as low as 3.1% in London at one point (Bloomberg). With price already USD 1.00 of its low we could see a resumption in an upside move tomorrow. We noted yesterday that the 5—year seasonality chart is warning of a pullback, however we were not expecting a pullback quite so quickly after making a new high. Bullish this morning but neutral now.

Have a nice Evening.

Ed Hutton

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