FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	33700	34125	1.3%	Pmx 1 month forward	24325	25650	5.4%
Cape Q3 21	33750	34500	2.2%	Pmx Q3 21	23650	24850	5.1%
Cape Cal 22	21000	21500	2.4%	Pmx Cal 22	16100	16225	0.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	25925	26875	3.7%	Brent	68.59	66.59	-2.9%
Smx Q3 21	23250	24300	4.5%	WTI	65.29	63.22	-3.2%
Smx Cal 22	15225	15325	0.7%	Iron ore	214.5	205.15	-4.4%

Data Source FIS and Bloomberg

Iron Ore

A brutal afternoon for iron ore after the Chinese government came out saying it will strengthen its management of commodity supply to curb the unreasonable increase in prices. The DCE futures were down 52 RMB on the pre-open with the June futures immediately dropping USD 6.00. The futures held around the opening level for around 40 minutes before a fresh wave of sell-ing pressure pushed the June contract down to a low of USD 192.55 before closing at USD 195.00. From a technical perspective every time we see bullish price momentum a new government policy is announced, suggesting we will not see the bullish 5th wave that we were expecting. As previously stated, it is probably best to follow the news wire rather than the technical at this point.

Capesize

The June futures initially came under pressure on the open to trade to a low of USD 32,500 before reports of higher fixtures in both basins pushed the futures to a high of USD 35,750 (up USD 2,000 from the previous close) however, the index came in flat (USD –37) which resulted in a technical pullback this afternoon to close the day USD 550 higher at USD 34,250. The intraday technical is conflicting between the 1 and 4-hour charts. The 1-hour has price above key moving averages whilst the 4-hour is holding at resistance levels. This could be a case that we are transitioning into a bullish phase, or it could be that the paper market has got a little ahead of itself. As an eternal bull based on the Elliott wave cycle, we will plump for transitioning for now. Cape v Pmx spreads today Capesize v Panamax Technical Report 19/05/21 https://fisapp.com/wp-content/uploads/2021/05/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-v-PANAMAX-19-05-21.pdf

Panamax

As highlighted yesterday, technically a good close that could see higher pricing tomorrow and a slowing index. The June futures were up USD 1,325 to USD 25,650 with the index up 27 to USD 24,373. The Pmx v Smx Q3 spread is sitting around the USD 250 level which we still think makes it look attractive based on previous performances, whilst the June Pmx v Smx spread is up another 550 today to USD—1,100, meaning it has moved USD 900 higher since we highlighted it two days ago. The futures now need to see index support if we are going to test the USD 28,250 high in the June. A close on the index above the USD 25,089 would signal momentum is improving based on price and give the paper the support it will need.

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

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Supramax

Up USD 222 today on the index, this is signaling the price momentum are starting to increase and this has been reflected in the June futures which has made a higher high, to trade up to USD 27,250 this morning. Price is now back in our Elliott wave target zone from a week or so ago, we have USD 27,771 as a potential upside target and that is starting to look a reality. It is worth noting that the new high has put the RSI in divergence with price, not a sell signal it is warning we have the potential to see a momentum slowdown, however they can and do fail. Technically bullish with the larger index showing signs they could be about to move higher would suggest we have further upside for now.

Oil

Talk of an Iranian deal underlined how fragile the oil market really is yesterday. China today indicating they want to curb commodity prices as pretty much killed of the bull technical for now, with price trading below the USD 66.10 support. Any upside rallies from here that trade above the USD 70.24 level will effectively have to be a new intraday cycle. Commodities Crumble, Showing Limits to a Once-Unstoppable Rally is the headline on Bloomberg. This is interesting as it means China will have to rein in there buying spree, they might succeed on Ore by importing steel and scrap, but we see lot of extended wave 3's in base metals, yes there is a correction coming but perhaps a little early to call an end of the bull cycles across the board. This is not bitcoin after all. Back to Brent, if this is cycle completion for now then here are some key support levels for the future, USD 57.77, USD 53.56, and USD 47.56. If we hold any of these support levels and go on to trade above USD 71.38 you're in a super cycle!!

Have a nice Evening.

Ed Hutton

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