

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	35500	33050	-6.9%	Pmx 1 month forward	24700	24200	-2.0%
Cape Q3 21	36500	35000	-4.1%	Pmx Q3 21	24875	24725	-0.6%
Cape Cal 22	21375	21125	-1.2%	Pmx Cal 22	16500	16500	0.0%

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Smx 1 month forward	27025	26750	-1.0%	Brent	68.46	68.72	0.4%
Smx Q3 21	25250	24800	-1.8%	WTI	66.05	66.28	0.3%
Smx Cal 22	15875	15650	-1.4%	Iron ore	182.45	182.89	0.2%

Data Source FIS and Bloomberg

## Iron Ore

Negative headlines yesterday have failed to push the iron ore lower with the June futures holding above the USD 181.13 Fibonacci support on the intraday. The daily technical is indicating that we have numerous support levels between USD 176.20 and USD 169.30 (6), warning that we are in a dangerous area to open fresh market shorts. The technical on both the DCE and offshore have been driven by decreasing steel prices, lower margins, and bearish rhetoric from the Chinese government. This has created a sell side open interest build on the DCE which started on the 14/05/21 and warns we could see a temporary respite in selling pressure as the market looks to short cover. The market is bearish but there are warning signs we might see a short term rally.

## Capesize

The downside move continued today on higher volume than yesterday as Europe came back into the market, however volume is still not as heavy as we have been seeing on recent upside moves. The index has produced a bearish close below USD 32,284, suggesting we could see some further short-term pressure in the coming days. Key support on the index is at USD 27,333, below this level the technical side of the market changes from bullish to neutral. On the paper the June futures suffered a similar fate with price dropping around 7% to USD 33,050, our near-term support is at the recent low of USD 30,875; however, our key support remains unchanged at USD 28,210. Technically this market is still considered as corrective and not bearish at this point.

## Panamax

The index and the June futures are nearing equilibrium, which is creating a momentum slowdown in the paper market. The futures opened sharply lower to trade down to USD 23,500, before closing the day USD 700 off the low, at USD 24,200. Price is currently corrective with key resistance now at USD 26,800 and support at USD 20,755, if we trade above the resistance, then USD 28,250 is a legitimate upside target. However, if support is broken then we have potentially entered a higher timeframe wave 4. Tomorrow could be an interesting open as we have the daily pivot at USD 24,066 with the current close above this level, if we open above the daily pivot point then we could see some early bullish price action.

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## Supramax

The index came in another USD 233 higher today whilst the June contract closed USD 275 lower, meaning the futures are at a discount to the index. The futures tested the USD 28,250 level over two consecutive days but failed to make a new high. Technically we have seen the minimum requirement for phase completion (Elliott wave). However, this also mean we have the potential for one more test to the upside as the cycle is unclear. If we trade above the USD 27,200 level (today's high) then we could see market bulls looking to test the 28,250 high once again. The technical is in bullish territory but the lower timeframe cycle is getting difficult to read.

## Oil

Oil hit our upside target from yesterday morning's technical but has since moved sideways. Increased demand is being countered by the potential Iranian deal creating a holding pattern for the futures. If the futures trade above the USD 68.90 level it could test the USD 70.24 resistance; likewise, downside moves below USD 67.83 would indicate momentum is weakening based on price, warning we could enter a corrective phase. Momentum is currently with the bulls making USD 67.83 a key support to follow at this point.

Have a nice Evening.

Ed Hutton