

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	30250	33500	10.7%
Cape Q3 21	34125	32750	-4.0%
Cape Cal 22	20950	21156.5	1.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	24450	25050	2.5%
Pmx Q3 21	25025	24950	-0.3%
Pmx Cal 22	16225	16125	-0.6%

	Previous Close	Current Close	% Change
Smx 1 month forward	27225	25750	-5.4%
Smx Q3 21	25300	24700	-2.4%
Smx Cal 22	15650	15600	-0.3%

	Previous Close	Current Close	% Change
Brent	69.46	69.77	0.4%
WTI	66.85	66.96	0.2%
Iron ore	183.04	184.61	0.9%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures continue to hold with price closing out the week around the USD 186.50 level in the June futures. The weekly candle has closed within the range of last week, with price closing on its high. Price has held support with steel margins rising to RMB 591 on the back of on rising shore Rebar prices. For more information on the technical please follow the link. Iron Ore Offshore 28/05/21 <https://fisapp.com/wp-content/uploads/2021/05/FIS-Technical-Iron-Ore-28-05-21.pdf>

Capesize

My technical has had the equivalent of being saved by the bell, except in this case it is a case of saved by the roll. The Elliott wave analysis is based on the rolling front month futures which continue to come under pressure on the back of the weakening index. However, the USD 28,210 remains in place as the front month contract is now July, which is closing the week at USD 33,500, the June contract however was down USD 2,500 to USD 27,750 coming into the close, however some late buying in the market has rumors of price trading at USD 28,500. It could be technical; it could be on the physical or it could be the market seeing some high ticks into the month end close. The roll might have kept the longer-term technical in bullish territory, however 4-hour intraday has seen the stochastic jump into overbought territory with the RSI below 50, suggesting momentum in the July contract is looking vulnerable to a downside move in the near-term.

Panamax

Three downside rejection candles and now a small bodied inside day candle would indicate some form of consolidation is happening. The index has stopped going down (Up USD 223 to USD 23,505) and now needs to close above the USD 23,769 level for momentum to be considered as bullish based on price. Where now for the rolling front month Panamax futures? The trend looks stable, the index is firming, if we close on the daily chart above the USD 26,250 level, then there is a good chance we could have a crack at the USD 28,250 high.

Supramax

The Index came in USD 178 lower today but remains in bull territory above the USD 27,149 level, downside moves below this would mean momentum is weakening based on price, warning the longer-term trend could enter a corrective phase on the front-end futures. If the support holds on the index, then the July futures could attract some buying interest as they are trading at a USD 1,800 discount to the Index. The Q3 Panamax v Supramax spread has now rebalanced, we had this as interesting around Par as this was the 5-year average value, however prices dropped to USD -825 two days ago before closing the week at USD 250. Remember the freight matrix will be incorrect today due to the roll.

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Oil

Oil holds but the technical looks unconvincing. One interesting piece on the wire is that both GS and Citi say china are unlikely to be able to control the rising commodity prices (Bloomberg). If they are right, then my technical is probably wrong, as the here and now would suggest that upside moves could be limited. In an ideal world we would both be right, with prices correcting before resuming a rally. If it comes down to me v GS and Citi, it is a bit of a no brainer, but I will attach the technical link anyway. Brent Daily technical 28/05/21 <https://fisapp.com/wp-content/uploads/2021/05/FIS-Technical-Oil-Report-28-05-21.pdf>

Have a nice weekend.

Ed Hutton