

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	35550	31750	-10.7%
Cape Q3 21	35250	32416.5	-8.0%
Cape Cal 22	21750	21625	-0.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	26200	25975	-0.9%
Pmx Q3 21	25750	25675	-0.3%
Pmx Cal 22	16300	16350	0.3%

	Previous Close	Current Close	% Change
Smx 1 month forward	25775	26625	3.3%
Smx Q3 21	24700	25425	2.9%
Smx Cal 22	15350	15575	1.5%

	Previous Close	Current Close	% Change
Brent	70.25	71.12	1.2%
WTI	67.72	68.6	1.3%
Iron ore	198.16	198.29	0.1%

Data Source FIS and Bloomberg

Iron Ore

As highlighted on Fridays report the futures had held the technical support zone, price closed above the USD 191.90 level indicating momentum was improving based on price, resulting in an upside move to USD 207.5. The roll into July means the rolling front month futures have failed to trade above the USD 201.78 level, leaving the technical vulnerable to further tests to the downside. Margins have increased in recent days and are currently at RMB 700, which is creating buying support in the market. Technically we remain vulnerable with the futures needing to break the USD 201.75 resistance to take the technical into a neutral phase.

Capesize

The July futures continues to come under pressure with the futures down over 10% today. Oil is showing some bull signals however, so we could see a momentum slowdown soon. For more information on the technical please click on the link. Capesize Technical Report 02/06/21 <https://fisapp.com/wp-content/uploads/2021/06/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-02-06-21.pdf>

Panamax

The three downside rejection candles last week did produce a bullish close with price trading to a high of USD 26,750. If the June futures can close above the USD 26,250 level, then the daily technical will produce the same bullish close that pushed the intraday chart higher last week. However, if we close below the USD 24,750 level then the USD 23,250 level could come under pressure. In the Q3-21 futures we have traded to a high of USD 26,375 before closing small down on the day. We have had USD 26,475 as our long-term upside target, this has not been achieved but it does look like we will get a new high close tonight (USD 25,675—Previous USD 25,575), this is keeping the technical in bull territory. USD 24,950 is a key downside level, if we close below it, we could see market longs looking to exit.

Supramax

The Supramax index continues to be a resilient beast with the index up USD 7.00 today, if we close above the USD 27,382 level then we could see some further upside in this trend. The July had been trading at a USD 1,800 discount to the index, a bearish close yesterday had suggested we could see some downside selling pressure. However, the July paper is up USD 850 to close the disparity to USD 400 on the back of the slowing index, if the futures close above the USD 27,300 level, then we could potentially see the USD 28,250 high being tested. Cautiously bullish at this point, July paper needs to give us this higher close, otherwise market bears could come back into the market.

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Oil

We were looking for a technical looking a little vulnerable last week, but the futures have traded above the USD 70.24 level, meaning we should test the recent high. This would suggest we have started another bullish intraday cycle, which has the potential to trade to USD 73.83 or higher. Kudos to GS and Citi on this one as they called it last Friday, Schlumberger LTD have now joined the bull party with the CEO saying the economic recovery could create an energy industry super cycle (Bloomberg). Technically vulnerable last week but looking bullish now on the back of the recent upside move.

Have a nice evening.

Ed Hutton