

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	34250	38000	10.9%	Pmx 1 month forward	29500	31500	6.8%
Cape Q3 21	35950	38291.5	6.5%	Pmx Q3 21	29175	31250	7.1%
Cape Cal 22	23587.5	24200	2.6%	Pmx Cal 22	18000	18425	2.4%

  

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Smx 1 month forward	29875	31450	5.3%	Brent	72.02	72.36	0.5%
Smx Q3 21	28700	30225	5.3%	WTI	69.75	70.08	0.5%
Smx Cal 22	17125	17625	2.9%	Iron ore	204.45	208.3	1.9%

Data Source FIS and Bloomberg

## Iron Ore

The July futures are now up over 20% from the USD 170.50 low on the 26/05/21, in theory we are back in bull market territory having only recently entered a bear market. Expectations of continued robust steel output and a warning on a Vale dam has put the spotlight back on supply (Bloomberg). Steel margins seem to be stabilizing around the RMB 542 with onshore rebar up RMB 104 to RMB 5,234. Rebar is only 14% higher from its low so remains in a bear market at this point, as it continues to lag its main component. Iron ore might be classed as bullish but until the July goes above USD 217.80, we remain vulnerable from a technical perspective. Key support is USD 190.00.

## Capesize

A good index today has created another strong bull move in the futures. To see more on the technical side of the market, please follow the link. Capesize Technical Report 10/06/21 <https://fisapp.com/wp-content/uploads/2021/06/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-10-06-21.pdf>

## Panamax

The index moved another USD 1,254 higher today to USD 27,500 resulting in a strong move in the July futures to USD 31,500 (up USD 2,000). The disparity is now at 4,000 which does seem a little wide, however the ratio is only at 1.14 which gives a better indication and suggests that it is more than manageable at this point. The index has now made a new high and has a near-term upside target at USD 29,868, if we close tomorrow below USD 25,467 (unlikely) then momentum will be seen as weakening based on price. The market has now produced a couple of breakaway gaps in succession, granted freight gaps by nature. be careful it does not try and fill the gap as it is moving up in a straight line, which makes me skeptical on how long it can maintain this upward trajectory without entering a corrective phase.

## Supramax

The bull move in the paper and the index continues with the July futures posting another USD 1,575 gain today. The index is posting more sensible gains and is now at USD 28,072 (up USD 479), however the paper, like the Panamax is going up in a straight line which does make us a little nervous. Price is closing on its high suggesting all is good technically, but a USD 3,700 gain in two days could result in a little profit taking into the weekend. Maybe I see the glass as half full, but these moves will create a mean reversion gap with the longer period moving averages suggesting the paper will either correct a little or consolidate whilst the averages catch up. Technically bullish but we have a few concerns, as tomorrow will be day 9 of this upside suggesting it could exhaust in the next couple of days.

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Oil

If ever there is an example of reactionary trading it is the oil technical in the last 64 mins. The U.S. lifted sanctions on some Iranian officials, something that has been in the news for the last few weeks, oil dropped from USD 72.50 to USD 70.95 in ten minutes, before trading back up to USD 72.37. From a technical perspective intraday charts are looking a little messy, but it would suggest that nothing has changed in terms of the trend. If we trade above USD 72.61 then we can assume normal service has resumed.

Have a nice evening.

Ed Hutton