FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	41250	44500	7.9%
Cape Q3 21	41125	42625	3.6%
Cape Cal 22	24750	25500	3.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	33800	35125	3.9%
Pmx Q3 21	32675	34200	4.7%
Pmx Cal 22	18900	19925	5.4%

	Previous Close	Current Close	% Change
Smx 1 month forward	33350	34800	4.3%
Smx Q3 21	32025	33750	5.4%
Smx Cal 22	17975	18675	3.9%

	Previous Close	Current Close	% Change
Brent	74.27	74.18	-0.1%
WTI	72.48	71.97	-0.7%
Iron ore	210	207.2	-1.3%

Data Source FIS and Bloomberg

Iron Ore

The headline on Bloomberg tonight ‘China’s Campaign to Control Commodities Goes Into Overdrive ‘. China has stepped up its campaign to rein in commodity prices and reduce speculation in a bid to ease the threat to its pandemic rebound from soaring raw material costs. State-owned enterprises were ordered to control risks and limit their exposure to overseas commodities markets by the State-owned Assets Supervision and Administration Commission, according to people with knowledge of the matter. The companies have been asked to report their futures positions for Sasac to review, said the people, who asked not to be identified because the information is confidential. Iron ore has responded accordingly with the July futures trading down to a low of USD 203.25 in the evening session, price is holding support levels for now with the technical looking vulnerable to a test to the upside. It is now a case of the will of the market against the will of the Chinese government, going long is the technical trade but the risks of continued intervention could limit any upside moves. The big question is can China change the psychological footprint of the market? Global commodities are rallying, yes China are the biggest consumer of ore and steel, but the appetite of the bulls could potentially be too much. I think the technical term is, they are just kicking the can further down the road. Controlling domestic demand is the answer, as they are going to struggle to control the market. For now, the market is showing an agreement on price, illustrated by the merging of short and long period EMA’s, but this is unlikely to last long as the Fed reserve are about to announce, if it is hawkish iron ore could come off regardless. If it is not, they will have their hands full.

Capesize

The futures continue to move higher with our near-term target on yesterday morning’s technical at USD 46,147 fast becoming a reality. The July contract is up another USD 3,250 today to close at USD 44,500, meaning we have rallied USD 6,000 in the last two trading days. Once we are above USD 45,750, we will have met the minimum requirement for phase completion on the daily technical, with the intraday target being above USD 46k. However, using the same analysis Elliott wave analysis on the daily technical has a minimum requirement of USD 45,750 but an upside target at USD 50,936, meaning there is a good chance the paper could continue to advance. The index is concern as it is still only at USD 33,258 and therefore discounted by USD 11,242. The bull argument to this is the discount was at USD - 13,515 on the 10/06/21 and the futures rallied anyway.

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Panamax

The index is on fire and the futures remain in trend with the July futures closing USD 1,325 higher today at USD 35,125. Interestingly we still have a negative divergence in play, it is minimal and looks like it will fail tomorrow. The trend is bullish with the futures at a 5k premium so we need to see another couple of bull indexes in the coming days or we could enter a corrective phase. The market is very long with open interest at 213,770, suggesting we could see a big volatility spike when we do eventually correct as those margin call's role in.

Supramax

A Supramax technical for a little bit of bedtime reading Supramax Technical 16/06/21 https://fisapp.com/wp-content/uploads/2021/06/FIS-4-PAGE-SUPRAMAX-REPORT-16-06-21.pdf

Oil

As noted on the morning technical momentum was suggesting we could move higher, and this has been the case. The futures remain in trend having traded to a high of USD 74.96 into the European close. We still think USD 75.60 will trade if for no other reason than traders love a target. Another weekly draw in U.S crude inventories is the real reason behind the move, but price has now declined, the word hawkish is being branded around on Bloomberg regarding the Federal Reserve and this is making the market nervous. In fact, as we speak the Fed median projection show two rate increases by end—2023, which has just knocked 100 pips off the German Dax index with the Dollar basket going through the roof, cable is at 1.4050, meaning the U.S could be about to give the Chinese government a helping hand they so desperately need!

Have a nice Evening.

Ed Hutton