

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	44500	41500	-6.7%	Pmx 1 month forward	35125	33000	-6.0%
Cape Q3 21	42625	40958.5	-3.9%	Pmx Q3 21	34200	31875	-6.8%
Cape Cal 22	25500	24700	-3.1%	Pmx Cal 22	19925	19075	-4.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	34800	34250	-1.6%	Brent	73.87	72.74	-1.5%
Smx Q3 21	33750	33050	-2.1%	WTI	71.66	70.53	-1.6%
Smx Cal 22	18675	18225	-2.4%	Iron ore	207.2	209.05	0.9%

Data Source FIS and Bloomberg

Iron Ore

You can blame speculators, you can increase margins and restrict risk, but when you are producing a 100 million tons of steel in a month (May 21) whilst there are still supply issues in Vale, iron ore is going to stay bid. The issue is production/consumption, and the market is seeing this, base metals might be moving lower, but this is more to do with the fact we have completed an extended Elliott wave 3 on copper, it was correcting anyway. The July iron ore futures have risen alongside a rising dollar basket, suggesting the market is not perturbed by bearish rhetoric and a hawkish FOMC, USD 217.80 is the July buyside target, if it is broken the market bulls are in control. A copper technical today to highlight the Elliott wave sequence. Copper Technical Report 17/06/21 <https://fisapp.com/wp-content/uploads/2021/06/FIS-Copper-Technical-Report-17-06-21.pdf>

Capesize

The index in capes remains steady and continues to rise. It is clear we are not getting the big index number the market had been expecting and this has resulted in a rebalance between the paper and the index. July futures are USD 2,875 lower at USD 41,625 with price creating and inside day/bearish Harami. The pattern is named a bearish Harami as it resembles a pregnant woman, it is a bearish pattern, warning we could see another move lower tomorrow. However, a move above USD 44,250 tomorrow will signal upside continuation. The disparity with the index is now only USD 6,570, a much more realistic level. The technical remains bullish, it just needed to see a corrective pullback as we have been overextended. USD 38,250 is a key support in July, if we go below this level the futures will have made a lower low suggesting the intraday Elliott wave phase will have completed. However, the futures remain below the USD 45,750 high, a level I expect to be broken, if we trade below USD 38,250 and back above USD 44,625, expect the paper to fly, as it will signal a new bull phase has begun.

Panamax

As previously noted, the futures had a negative divergence still in play on the close yesterday, it had been marginal, suggesting it would fail today. However, weakening Capesize sentiment on the open kept the market off its highs, followed by an index that was only up USD 351, to USD 30,686. The softening in the index triggered a sell off this afternoon, resulting in the futures moving USD 2,000 lower to USD 33,125. Like the Capes, the futures have rebalanced to close the disparity with the index. At this point the longer-term trend is still considered as bullish, if however, we close on the daily candle below USD 31,625 you could see market longs looking to cut risk, in expectation the correction could test the USD 28,250 platform.

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Supramax

Yesterday we noted on the technical that the Supramax complex was in a bullish trending environment, negative divergences in the index, July and Cal 22 needed to be monitored. The Q3-21 was 58% above the 55-period average, having previously corrected at 55%, indicating a mean reversion gap had formed. Although none of these observations are sell signal's it does highlight how vulnerable the trend has become. The index is now at USD 30,299 (up USD 461) whilst the July futures are USD 550 lower at USD 34,250, meaning the disparity is around USD 4,000. The trend is still bullish but today's small sell-off highlights its vulnerability. USD 32,875 is our key support, if we close below it, we could start seeing a bit of risk off.

Oil

We noted on the morning technical that momentum was vulnerable to a test to the downside; price is USD 2.20 lower at USD 72.20, driven by the dollar basket which is up again today at USD 11,860. We are now trading below the previous 4 daily candlesticks suggesting the dynamics of this trend could be changing. Market longs had only just started to build above the USD 73.00 level, and they will be the ones exiting the market. USD 75.60 looks like it is safe for now, based on this move the futures look as if they will be looking to test the USD 69.50—USD 70.00 support area.

Have a nice Evening.

Ed Hutton