FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	41500	37750	-9.0%	Pmx 1 month forward	33000	31775	-3.7%
Cape Q3 21	40958.5	38175	-6.8%	Pmx Q3 21	31875	31425	-1.4%
Cape Cal 22	24700	24187.5	-2.1%	Pmx Cal 22	19075	18575	-2.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	34250	32875	-4.0%	Brent	72.99	73.58	0.8%
Smx Q3 21	33050	32500	-1.7%	WTI	71.06	71.8	1.0%
Smx Cal 22	18225	17875	-1.9%	lron ore	209.05	206.6	-1.2%

Data Source FIS and Bloomberg

Iron Ore

Iron ore weakened slightly on Friday with the futures closing below a bullish trend line. The commodity complex is coming under pressure on the back of a rising USD, hawkish comments from the federal reserve, driven by inflation fears is the main driver, iron ore could come under further pressure as the Government is sending officials across the country over the next 4-weeks to check on capacity curbs . In China steel output is near record levels with Profit margins around RMB 400 a ton, historically seasonal consumption should in theory start to slowdown and with it production. As noted yesterday, the issue is a domestic one linked to their consumption, if they can enforce the curbs then you could iron ore starting to cool, the issue then will be controlling steel prices. The weekly close is showing a pattern very similar to a bearish Harami, which coupled with a trend break would suggest market longs should keep risk tight. July capes had the same pattern on the daily technical yesterday and dropped 8.5% today.

Capesize

The bearish Harami pattern on the July futures and lower fixings overnight resulted in the futures opening in European hours below our USD 38,250 support. Our intraday Elliott wave cycle has completed, however the futures have not yet traded above the USD 45,750 high. If price holds above the USD 33,322 level then it supports the bull argument on the daily technical, it is is broken then the deep pullback would warn that an upside move could fail. As noted yesterday upside moves that create a new high above USD 45,750 would signal a new bull phase and suggest we will have more upside waves to come.

Panamax

The index turned negative today (down USD 125 to USD 30,561) and with it the futures. Price gapped lower on the back of the capes but has traded up from a low of USD 31,300, at this point price is at USD 31,775, if we close the day below the USD 31,625 level then you could see further selling pressure into next week as existing market longs start to go risk off. Like cape the futures have a bullish gap below them and a bearish gap above then which from a technical perspective is a bit of a sausage, it really is a case of which gap closes first? Which makes USD 31,625 a very important level in my book.

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FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COAL

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Supramax

The index continues to preform with another rise of USD 520 today to take it to USD 30,819. We highlighted yesterday how vulnerable the technical was due to the mean reversion gap, the selling pressure in the larger asset sizes has filtered through to the July futures which closed USD 1,375 lower. We had USD 32,875 as a key level, if we close below it we could see the market cutting some long positions, if we hold above it then we still have the potential to trade back to the highs. Obviously we closed on it, it remains intact but could make for an interesting Monday as we will see who Holds, and who folds.

Oil

After I finished my report last night Brent rose like a Phoenix from the ashes, if had looked like we were going to close below the previous 4 candles. We actually failed to close below the low of the last bull candle with the downside move on the open failing to hold. Price is going to close above the USD 63.00 level (currently 63.78) suggesting the market bulls are a lot more resilient than I had given them credit. Interestingly price is rising alongside a bullish dollar as more and more evidence would suggest that the vaccination programs across the globe are working.

Have a nice Evening.

Ed Hutton

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