

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	36550	37500	2.6%	Pmx 1 month forward	31550	31875	1.0%
Cape Q3 21	37016.5	38175	3.1%	Pmx Q3 21	31675	32083.5	1.3%
Cape Cal 22	23962.5	24375	1.7%	Pmx Cal 22	18725	18800	0.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	32750	33000	0.8%	Brent	74.84	74.74	-0.1%
Smx Q3 21	32475	32650	0.5%	WTI	73.51	73.28	-0.3%
Smx Cal 22	17675	17875	1.1%	Iron ore	196	204.5	4.3%

Data Source FIS and Bloomberg

Iron Ore

Yesterday we noted that the technical was bearish with potential lower prices in the coming days. Price rallied around USD 9.00 to trade to a high of USD 205.40; however, the upside move failed to trade above our key resistance at USD 205.97, meaning the technical remains vulnerable. A corrective move lower has seen the European session close out at USD 202.75, this is just above the daily pivot point at USD 201.83, this could be tested into the Asian open, as market sellers look to test the resilience of the intraday buyers. The failure to trade above the resistance with the RSI now below 50 at 49 is warning that market bulls are going to need to support this, otherwise we could see a technical reversal. Margins have dropped to RMB 282, still profitable but down RMB 70 from yesterdays close. A strong intraday move yes, but still vulnerable to downside moves at this point.

Capesize

Opens to Asian selling before closing on its high, sound familiar? It should, as this was the market behavioral pattern in the July contract on four of the seven days between the 08/06/21—16/06/21, during this period we rallied USD 17,000. We failed to open above the daily pivot point today but that did not stop European buyers pushing the futures up to USD 38,000 into the close. The daily pivot point tomorrow is looking like it will be USD 36,708, providing the morning sell off is not too deep we could see a futures push. Are we going to pop? Well-spaced longer term moving averages with an RSI above 50 would suggest yes. It is all about the opening sell off, USD 36,708 is the level, if we hold above it I'm putting a bull hat on.

Panamax

Of the two intraday trends the Panamax is more stable than the Capes, as the Panamax did not break the longer-term averages. The index is lower today (down USD 655 to USD 29,553) meaning we have entered a corrective phase, our key level is at USD 28,129, if we close below it, we could see a momentum acceleration. The July paper opened lower but like the capes has closed the day on its high, suggesting the futures could be basing. Tomorrow's pivot should be around the USD 31,450, if we open above it then we could see a bullish push, and if we close above the USD 32,325 level, we expect the bearish gap to be closed and potentially test the USD 35,250 high. However, if we fail to open above and hold above this level, market sellers will look test the USD 28,250 plateau. Nothing is guaranteed, but I like market pullbacks that close above the current days pivot point on the Panamax.

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Supramax

The index is slowing but remains bullish above USD 30,475 and corrective below. The July futures have had a late push to close the day up USD 250 at USD 33,000, having spent the bulk of the day floating around the USD 32,000 level. The trend is bullish but corrective with the futures closing above the daily pivot point, there are signs that we could be about to push but the futures have a little more to do, firstly, a close on the 4-hour candle in the morning above USD 33,000 would indicate momentum is improving based on price, if the RSI on the intraday is above 60.5, then I would expect market bulls to target the USD 34,000 level to close the open bearish gap. However, if we open below USD 32,750, market sellers will target the USD 32,000 level and potentially USD 32,750.

Oil

Oil declined as investors assessed reports that Russia and other OPEC+ nations are considering increasing production (Bloomberg). However, oil has traded within 30 cents of our USD 35.60 weekly upside resistance and is still above USD 74.50, decline is probably a strong word, corrected from its highest level since April 2,019 has a better sound to it. As highlighted yesterday we are seeing a price and momentum slowdown, however the trend is bullish and not showing sell signals at this point, suggesting we could have another test at the highs tomorrow.

Have a nice Evening.

Ed Hutton