

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	37250	38125	2.3%	Pmx 1 month forward	33525	34250	2.2%
Cape Q3 21	38250	39250	2.6%	Pmx Q3 21	33350	34200	2.5%
Cape Cal 22	24575	24825	1.0%	Pmx Cal 22	19175	19625	2.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	34000	34250	0.7%	Brent	75.41	75.29	-0.2%
Smx Q3 21	33650	34100	1.3%	WTI	73.28	73.1	-0.2%
Smx Cal 22	17975	18462.5	2.7%	Iron ore	209.35	205.2	-2.0%

Data Source FIS and Bloomberg

Iron Ore

The news on the wire is 'Iron Ore Retreats as China Steel Jitters Crush Mill Margins' (Bloomberg). Margins moved lower on the HRC a couple of days back and have since stabilized; however, the rebar margins are in negative territory, and this is starting to weigh on the iron ore futures. The upside move in the July contract failed to trade above the USD 211.60 resistance overnight, meaning the technical remains neutral bearish. The price movement is a little bit random over the last few days with price continuing to test the longer-term guppy bands (30,35,40,45,50,60 period EMA's), the averages are stable, the RSI is above 50. On paper iron ore looks like it could go higher, however decreasing margins and a seasonal slowdown could see the trend coming under pressure again. USD 214.50 is the near-term resistance but USD 217.80 is the level, if the trend is going to run it must trade above there.

The futures started the day well with the July contract trading to a high of USD 38,900, however a disappointing index (USD – 61 at USD 32,018) put the July back on the daily pivot point at USD 37,500. Commodore research & consultancy released an early note on the on the Capesize, as they are so concerned the market will move higher before their commodity report in the morning. This literally put the cat among the pigeons, the futures are already bullish and trading at a decent premium to the index however the report is sort of a self-fulfilling prophecy, as the market moved promptly higher. August and Q3 are the focus on the curb trade with the August jumping another USD 1,000 to close out the day above USD 41,000 with the Q3 jumping USD 650 to trade at USD 39,900. The technical is bullish on the paper and we are targeting a new high in the July; however, the index must perform soon, otherwise we could see a repeat of last week's correction.

Panamax

A good day for the index with the paper holding in a bullish trending environment. For more information on the technical please follow the link. Panamax Technical Report 24/06/21 <https://fisapp.com/wp-content/uploads/2021/06/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-24-06-21.pdf>

Supramax

The index is up USD 133 again at USD 31,507, however unlike the strong move in the Panamax index, the Supra's continue to plod, the disparity with the July paper is already at USD 2,750 meaning the upside move today has been limited to just USD 250. The technical trend is bullish, but upside moves are looking limited until the index plays catch up. We think the July will make a new high, but it is hard to see it running hard from here without the support of the physical.

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Oil

The Iran deal took the wind out of the sails yesterday, but the market has not gone into retreat, sideways action today as 'key U.S. oil storage hub seen depleting as producers hold tight' (Bloomberg). The technical is bullish, the U.S driving season has begun but OPEC are meeting next week. The organization and friends are considering a 500k bpd increase and this is keeping the market in check. Consumption of the black gold looks good, but if OPEC turn on the taps it could create a technical pullback in the futures. The trend looks supported suggesting it will remain bull for now, but an opportunity to achieve better value at 5 or 6 bucks lower could keep the big guys sitting on their hands for a week or so.

Have a nice Evening.

Ed Hutton