

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	38125	39750	4.3%	Pmx 1 month forward	34250	37125	8.4%
Cape Q3 21	39250	41000	4.5%	Pmx Q3 21	34200	36350	6.3%
Cape Cal 22	24825	25225	1.6%	Pmx Cal 22	19625	20125	2.5%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	34250	35475	3.6%	Brent	75.6	76.13	0.7%
Smx Q3 21	34100	35225	3.3%	WTI	73.33	74.11	1.1%
Smx Cal 22	18462.5	19025	3.0%	Iron ore	205.2	212.4	3.5%

Data Source FIS and Bloomberg

Iron Ore

'China's CISA Calls for State Supervision of Foreign Ore Traders' China Iron & Steel Association calls on government to strengthen supervision of foreign iron ore traders in the country which joined miners to inflate prices, according to post on its WeChat account, citing comments from vice chairman Luo Tiejun. Customs should also strictly check illegal high-price trades. Association will continue to promote changes on customs codes to facilitate exports of high-end steel products. (Bloomberg). The witch hunt goes on, but the futures continue to hold which will be a concern for the Authorities. Ore remains resilient even though rebar is being produced at a loss, suggesting the Chinese Government will need to cool the market through fiscal tightening, rather than focusing on the market speculator. Perhaps then they will bring the price down and hurt the speculator at the same time.

On Tuesday we noted that that if the market held above the USD 36,7098 level, on the Wednesday open we would put be putting our bull hats on. It was a been bit of a battle, but price held the support, resulting in the futures moving higher, on Thursday Commodore put their bull hat on and the market went bid on the Curb, and stayed bid into the weekly close, I am offended! On a serious note, we have seen the index move into bull territory with a move USD 1,051 higher today, meaning the disparity gap is sitting at USD 7,000, which by recent standards is not too bad. The July prices in next week so I am guessing any new highs on the rolling front month chart will come from the August futures, as they are going to close the week around USD 42,250. The weekly candle pattern is showing a shooting star into a hanging man, one is bearish, and the other is bullish. USD 44,625 is the bull breakout level and USD 34,500 is the bear breakout level. In any normal market a 10k range could hold for some time, but in Capes that could easily be a day's high - Low.

Panamax

Monster moves on the July futures today as the index kicked into life with a move USD 1,135 higher, to USD 31,438. The July contract moved USD 2,875 higher to USD 37,125, suggesting we have some big indexes to come next week, otherwise we could see a bit of an exodus. Unbelievably, the futures remain in divergence on the daily chart; However, another move like this, and that divergence will possibly/probably fail. The Q3 futures followed suit to close the week at USD 36,350, meaning we now target the USD 3,7029—USD 38,875 resistance levels. Like the July, we also have a divergence in play, but this is on the intraday 4-hour chart, however both trends look stable suggesting market pullback should be considered as countertrend as wave analysis is still bullish.

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Supramax

We noted yesterday that the index continued to plod suggesting the futures would make a new high but would be unlikely to run in the near-term. The index is still plodding (Up USD 137, to USD 31,667) so naturally the futures had a small run to close the day USD 1,225 higher, at USD 35,475. Technically the trend is bullish and looks stable with the futures looking like they will produce a minor negative divergence on the new high, suggesting it will be a countertrend move rather than a full-on corrective phase when it happens.

Oil

Yesterday the market was a cautious bull as they were worried that OPEC could increase production. Today the market has gone into full bull move with the futures creating a new high at USD 76.16 having produced a deep pullback. The realization that demands is increasing and that OPEC are unlikely to flood the market, triggered another wave of buying, suggesting those that have missed out on this latest run have a decision to make, do they chase now or wait and hope this will get a USD 3—4 pullback sometime soon. The trend is stable, and the futures are on their highs; However, the intraday dollar basket has just gone through the daily pivot point in anticipation of the Fed's Rosengren speech, so we could see a bit of a volatile close if the greenback starts winging around.

Have a nice Weekend.

Ed Hutton