

FIS European Close

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	39750	37800	-4.9%	Pmx 1 month forward	37125	35725	-3.8%
Cape Q3 21	41000	40033	-2.4%	Pmx Q3 21	36350	35925	-1.2%
Cape Cal 22	25225	24825	-1.6%	Pmx Cal 22	20125	20075	-0.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	35475	35125	-1.0%	Brent	76.01	74.7	-1.7%
Smx Q3 21	35225	34800	-1.2%	WTI	74	72.9	-1.5%
Smx Cal 22	19025	19050	0.1%	Iron ore	212.4	212.5	0.0%

Data Source FIS and Bloomberg

Iron Ore

The Peoples Bank of China concluded in its quarterly meeting that after record expansion in the first quarter recent indicators show growth is stabilizing and showing more balance. The PBOC has kept its policy stance unchanged this year, taking a gradual approach to curbing credit growth to tackle financial risks, while providing enough liquidity to the market to meet demand (Bloomberg). In a similar fashion the July iron ore futures continues their expansion whilst remaining stable, the futures rallied on the open to a high of USD 213.85, before producing a technical pullback and stabilizing. The trend remains in bearish territory below the USD 217.80 level, the intraday price action is in an upward trajectory but now needs to trade above USD 214.50. If resistance is broken the probability of the futures entering bull territory will increase, this is based on the daily chart showing a 5-wave pattern that started on the 26/05/21, meaning it would be considered as bullish impulse.

Capesize

A slowing index today (up USD 279 to USD 33,348) saw the July futures come under pressure from the open. Price closed below the daily pivot point with the RSI below 50, indicating intraday price and momentum have started to weaken. The daily technical remains stable, with the futures rolling on the close tomorrow, focus is turning to the August contract which has seen better support throughout the day. Whereas the July is USD 1,950 lower the August is only USD 575 down on the day, having traded to a high of USD 43,250 on the open. The August is showing a minor divergence with tomorrows pivot looking like it is going to be at USD 42,225, if we open below it, you could see some selling pressure early on; however, if we open on it, market sellers will be more cautious as the threat of an upside move will be stronger.

Panamax

The futures closed the disparity gap today as the July prepares to price in. The index came in USD 1,673 higher at USD 33,111, however the July contract is down USD 1,400 at USD 35,725. The candle pattern is known as a 'Dark cloud cover', which is a bearish reversal pattern as price has closed below the previous days mid-point. Confirmation comes from a lower close the following day; however, as this is on a disparity trade on the rolling front contract with the RSI divergence being less than 2 points between the two peaks, it would indicate that the divergence is weak, suggesting we could see a minor pullback as we are about to roll into August, which is trading at a USD 700 premium.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com

FIS European Close

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

Supramax

Disparity gaps have closed today in both the Capes and the Panamax, but not on the Supramax. The index is up another USD 241 to USD 31,885, with the July only USD 350 lower at USD 35,125, meaning the disparity remains over USD 3,000. The futures have missed the USD 35,550 high on the rolling front month chart, but the August is again trading at a USD 700 premium, suggesting we should see a new high from a technical perspective on the chart coming from the August contract. For the July contract however, time is a premium and that will soon start running down fast, if the index does not produce a big number soon the futures will need to re-balance.

Oil

For oil it has been a case of growing consumption that looks like it can handle a small increase in output this week. However, the spread of the delta variant is not slowing down, and this could threaten a recovery for oil just at the wrong time. Market longs have sold the futures from a USD 76,60 high, to close the European session at USD 74.55. Market longs know that they can get back in, but if the numbers do not add up between increased supply and increasing positive cases it could get messy, they will sit on the sideline in the hope of extracting better value. Last week they bought into the market dip early, but as OPEC looms, bull confidence is likely to be between USD 69.00 and USD 70.00. Expect jittery intraday plays whilst the market looks to seek value.

Have a nice Evening.

Ed Hutton