

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	35750	31500	-11.9%	Pmx 1 month forward	34375	31500	-8.4%
Cape Q3 21	34250	30625	-10.6%	Pmx Q3 21	34325	31625	-7.9%
Cape Cal 22	24050	23500	-2.3%	Pmx Cal 22	19550	18850	-3.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33375	31500	-5.6%	Brent	75.97	76.8	1.1%
Smx Q3 21	32700	31250	-4.4%	WTI	#N/A N/A	75.82	#VALUE!
Smx Cal 22	18500	18150	-1.9%	Iron ore	203.5	208.7	2.6%

Data Source FIS and Bloomberg

Iron Ore

The August futures have now moved higher with price looking to test the July resistance levels on the rolling front month chart. The rise is attributed restricted output last week amid the celebrations in Beijing, resulting on stronger prices in the short-term (Bloomberg). For more information on the onshore and offshore technical please follow the link. Iron Ore Onshore/Offshore 05/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Technical-Iron-Ore-05-07-21.pdf>

Capesize

Transnet has shut both rail lines to South Africa's RBCT due to a major derailment on Saturday. The futures had already entered a corrective phase last week, but the technical had warned the market could find buying support. However, the derailment meant that the futures came under pressure on the open with the August selling off through the USD 33,322 level to take the technical from bullish, to neutral. Price is now USD 4,000 lower on the day at USD 31,750. We have a similar situation with the Q4 which also came under pressure early on, however price is proving to be more resilient with the Q4-21 at nearly flat to the August (Q4 off USD 1,750 to USD 32,000). The curve is now in backwardation, it could be temporary, but until the situation is RBCT is resolved front end buyers could continue to hold off.

Panamax

The August futures have weakened alongside the Capesize today with the futures now trading at a USD 5,334 discount to the index. The index is down today (-USD 252 to USD 36,834) but the disparity is large, if we do not see a big move lower in the coming days, we could see the August futures squeeze. However, both sectors are affected by the RBCT derailment so the expectations of a big drop in the index is expected. The 1 month forward C v P spread (August) has been weakening since the 16/06/21, from USD 9,375 and we could go below par for the first time since late March. This does not mean the spread is a buy, however if the capes do start showing bull technical signals this has the potential to gap higher.

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Supramax

Friday was all about the bullish hidden divergences that were in play across all three sectors. Obviously, freight has come under pressure today in the larger sectors and this has meant the Supramax has also come under pressure. The downside move has broken a key support at USD 32,000 meaning the intraday futures are now considered as bearish, indicating the bullish intraday phase that has been in play since May has completed. This would signal the futures have entered a higher timeframe corrective phase. The futures are now USD 700 below the index which would suggest the index will start pricing lower in the coming days.

Oil

Hot of the wire

*OPEC+ TO CONTINUE WITH QUOTAS AT CURRENT LEVELS: DELEGATE

Oil futures continue to rise with the September futures trading to a high of USD 76.64). Price remains in a bullish trend but aggregate open interest is dropping suggesting those already long are taking advantage of the high pricing to exit the market, For more information on the technical please follow the link. Brent Daily technical 05/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Technical-Oil-Report-05-07-21.pdf>. Note: the OPEC deal is pushing price higher since the technical was written. If the move is higher supported by rising volume and open interest it will support a bull move

Have a nice evening.

Ed Hutton