

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	31250	33875	8.4%	Pmx 1 month forward	31250	33500	7.2%
Cape Q3 21	30500	32850	7.7%	Pmx Q3 21	31650	33625	6.2%
Cape Cal 22	23462.5	23525	0.3%	Pmx Cal 22	18550	18937.5	2.1%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	31500	32550	3.3%	Brent	77.1	74.45	-3.4%
Smx Q3 21	31312.5	31750	1.4%	WTI	75.19	73.33	-2.5%
Smx Cal 22	18125	18150	0.1%	Iron ore	208.7	208.85	0.1%

Data Source FIS and Bloomberg

Iron Ore

The August futures have again held at the trend resistance resulting in a move to the downside. The futures have closed the E.U. session down USD 2.05, at USD 206.90. Price remains in a consolidation phase with the futures continuing to test the long-term moving average support, the averages are well spaced, indicating the trend is stable; however, this will change if they continue to be tested. On the finished product the active steel rebar contract on the DCE has just broken a fractal resistance at RMB 5,330, which would support a short-term bull argument. The larger rebar technical remains bearish with the futures vulnerable to further downside moves if they fail to trade above the RMB 5,670 level, above this level the bearish technical is considered as neutral. Margins at mill remain stable around the RMB 330 level, these have the potential to increase as production cuts are likely to push rebar higher.

Capesize

The Index came in USD 464 lower today at USD 27,309. Yesterday the August futures came under pressure after a derailment at the RBCT, this caused the market to rebalance, resulting in the futures selling off USD 4,000. High volatility in freight is not unusual, and big corrective moves like this do not always mean trend termination. The futures have produced a bullish Harami candle pattern warning we could see higher pricing. Last time we had a pattern like this it was a bearish pattern on the 17/06/21 when the futures closed at USD 41,500, they dropped 6k in two days. We highlight the Harami pattern for two reasons, 1) it could potentially signal an upside move tomorrow 2) the Elliott wave count on the rolling front quarter (Q4-21) is suggesting this move is a countertrend corrective wave 4. More than that, it is a corrective wave 4 in an extended wave 3. The market might have sold off hard, but if this Elliott wave count is corrective, it is not a market to have a heavy short in, as the Q4 Elliott wave cycle would suggest we should trade back above the USD 42,750 high. If this is the case, where do we expect the rolling front month to be trading? Certainly not at a discount to the rolling front Qtr.

Panamax

The index is USD 733 lower at USD 36,101. Expectations yesterday had been of a bigger drop today and this has not been the case. This has resulted in the August futures trading USD 1,875 higher to USD 33,125, price is still discounted at nearly 3k with the futures producing a bullish haram pattern like the Capesize. We have an RSI above 50 with longer-term moving averages well-spaced suggesting the trend is stable. This technical is neutral, it is not bearish. If we open tomorrow above the USD 32,500 level you could see further upside continuation, as price will be above the daily pivot point.

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Supramax

Friday was about the 3 bullish hidden divergences, resulting in the market getting sold off on Monday, not exactly what we had expected. Today it is about the 3 bullish Haram patterns, all of which have the potential to produce bullish price action tomorrow. The RSI is above 50 on the daily technical with the Stochastic at 40, not oversold but getting there. Price is currently at USD 32,550 with tomorrows pivot looking like it will be at USD 32,191, if we open above it, we have the potential to push again. Let us hope I am not wiping egg off my face this time tomorrow!

Oil

The technical in oil had warned of weakness, the spat between OPEC members put the market buyers back in control as the lack of production cuts signaled to the bulls we could move higher. We had stressed that the market needed to be going up with rising open interest and volume, otherwise it would be vulnerable. Today the positivity in the market has evaporated, what was deemed as bullish today has left the market in a quandary. If there is not agreement, what happens next? With the UAE blocking a supply increase it has caused the market to speculate that the breakdown in talks could unravel the groups production cuts altogether (Bloomberg). Price has fallen nearly USD 3.00 with questions now being asked about the cartel itself. The Saudi's have threatened to walk away in the past, and this time they have not been able to agree a date for the next meeting.

Wishing I had waited a day before filling the car up!

Ed Hutton