

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	32875	31050	-5.6%	Pmx 1 month forward	30500	28750	-5.7%
Cape Q3 21	32200	30800	-4.3%	Pmx Q3 21	31175	29750	-4.6%
Cape Cal 22	22975	22200	-3.4%	Pmx Cal 22	17362.5	16725	-3.7%

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Smx 1 month forward	30750	29000	-5.7%	Brent	76.35	75.23	-1.5%
Smx Q3 21	30575	29000	-5.2%	WTI	75.21	73.68	-2.0%
Smx Cal 22	17225	16625	-3.5%	Iron ore	210.45	210.45	0.0%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures in Singapore were steady ahead of data on China’s economy and steel output this week, which will offer investors clues on demand strength. China is due to publish its second-quarter gross domestic product report on Thursday, which will provide clarity on whether it will shift from its gradual monetary and fiscal tightening. Premier Li Keqiang sounded a cautious note this week, warning that the nation needs to prepare for cyclical risks and make counter-cyclical adjustments. He also said China will take comprehensive measures to ease pressure from rising commodity prices (Bloomberg). Price remains in a neutral environment with flat EMA’s and Bollinger bands. The futures are holding above the 200-period MA but below the USD 217.80 level, Neutral bearish.

Copper

Copper continues to tread water as the futures await economic data out of China, the futures had pushed higher in the afternoon session on the back of a weakening USD basket with price testing the USD 9,406 daily pivot point. However even with the weakening USD the futures have failed to hold, resulting in price trading back to their lows. As highlighted on the morning note, price remains in consolidation phase below the longer-term EMA’s, meaning the technical remains vulnerable to further tests to the downside at this point.

Capesize

The index came in another USD 1,144 lower today at USD 29,128, meaning momentum is weakening based on price. The August futures are now testing the USD 31,250 support, corrective moves below this level would warn the USD 27,375 level would be tested. Intraday wave analysis based on the downside move that started on the 17/06/21 using the Williams approach, would suggest the corrective move has a potential downside target at USD 29,734. However, below the USD 31,250 level the futures will create a positive divergence warning we could see a momentum slowdown soon.

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Panamax

The index accelerated the downside move today and is now at USD 33,294, having closed USD 1,104 lower today. This is putting the front month and front quarter futures under continued pressure with the August contract now trading at a USD 4,300 discount to the 4TC index. For more information on the technical please click on the link. Panamax Technical Report 14/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-14-07-21.pdf>

Supramax

Not a good day for freight across the board. The downside move in Supramax index is starting to pick up a little pace today, coming in USD 348 lower, at USD 31,164. The move in the paper has been slightly more exaggerated with the August futures USD 1,750 lower at USD 29,000. The RSI is below 50 for only the second time this year, our wave analysis on the technical report last week suggested this was a corrective wave 4, meaning we continue to see these moves as countertrend at this point. These moves are significant and potentially have further downside to come. Key support levels on the August are currently at USD 28,271, USD 26,000, and USD 22,920, our analysis would suggest that providing the rolling front month holds above the USD 22,920 level it should be considered as bullish.

Oil

As noted, two days ago we are seeing many conflicting signals on the Brent futures technical, meaning we have gone back to basics. Oil has made a lower low on the daily chart, it is considered as bearish, the intraday chart did trade above the USD 75.84 but failed to trade to the USD 77.84 level (high 76.72 today). A late rally in the USD basket means the futures are trading back on their lows have produced a negative divergence on the 1-hour chart this morning. Elliott wave analysis is not convincing but is suggesting this cycle could be in for a more sustained corrective phase. The upside move in the last few days has produced a minimal gain in open interest, which is again unconvincing. With U.S. demand around pre pandemic levels you would expect the futures to be making new highs. EIA figures continue to show a draw (7.9 million barrels), however a build in both gasoline and diesel inventories has off set this. Oil needs an event; it needs something if it is going to maintain the bull run, as the wave count is suggesting we may have seen the top.

Have a nice evening.

Ed Hutton