

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	34500	35125	1.8%	Pmx 1 month forward	30750	31800	3.4%
Cape Q3 21	32933	33700	2.3%	Pmx Q3 21	31175	32050	2.8%
Cape Cal 22	22750	22850	0.4%	Pmx Cal 22	17300	17675	2.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	31750	32900	3.6%	Brent	73.3	68.18	-7.0%
Smx Q3 21	30925	32100	3.8%	WTI	71.45	65.9	-7.8%
Smx Cal 22	16975	17250	1.6%	Iron ore	213.85	213	-0.4%

Data Source FIS and Bloomberg

Iron Ore

Having broken the USD 24.50 fractal resistance, the futures have created a negative divergence resulting in a small pullback in the market to the USD 212.00 level. Headline on the wire 'Iron ore has come under pressure as China's Green Push Throws Spotlight on Demand'. Citigroup Inc. expects a downturn in iron ore prices after the third quarter amid uncertainties around steel demand and Chinese policies, analysts wrote in a note. China's efforts to curb steel-related emissions through output cuts have not worked so far this year but will likely tighten into the second half of the year, and an iron ore surplus is due to arrive in the fourth quarter (Bloomberg). For more information on the technical please follow the link. Iron Ore Offshore 19/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Technical-Iron-Ore-19-07-21.pdf>

Copper

The base metals complex has slipped on the resurgence of COVID-19 could hamper a global economic recovery. The market is in a risk off mode as investors consider whether new lockdowns restrictions will sap an economic rebound (Bloomberg). The greenback is also a factor in today's moves as the Dollar basket has traded to a new high. However, in copper we have an interesting situation brewing, the technical remains in bearish territory but in range. A downside move below USD 9,011 will create a positive divergence with the RSI, meanwhile the Dollar basket has produced a negative divergence on a new high. Divergences are only warning signals, but they are suggesting that downside moves could potentially be limited from here. For more information on the technical please follow the link. Copper Technical report 19/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Copper-Technical-Report-19-07-21-2.pdf>

Capesize

They call it the butterfly effect; a flap of a wing disrupts an air current and this builds until somewhere thousands of miles away it causes a weather front. We cannot confirm if this is the case, but the market did push higher on reports of a weather build in Asia this morning, an inside day breakout to the upside pushed the futures to a high of USD 36,750 in the morning session. However, a disappointing index (+ USD 579 to USD 29,139) resulted in bids fading in the afternoon session leaving the futures USD 1,625 off their highs, at USD 35,125. Price is now in the bull support gap that was created on the open, if the market is going to close the gap it must trade down to USD 34,500. A small rejection candle today will mean tomorrows pivot point is at USD 35,666. The futures will need to open above this level otherwise they could come under further pressure on the open. Technically it will be in balance as the futures will open in a support zone but below the daily pivot, meaning we will need some guidance from the physical market.

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Panamax

Downside momentum in the index is slowing with price coming in USD 108 lower at USD 31,275. The August futures caught a bid alongside the cape market on the open to trade to a high of USD 33,250, before selling off this afternoon to USD 31,800. Price is going to open on the daily pivot point, which will be at USD 31,800, meaning the market will be in balance. The futures are showing signs of basing, but it will need to hold these upside moves, otherwise the trend will remain vulnerable. If the index closes above USD 32,844 then momentum will be seen to be improving based on price.

Supramax

The August futures traded up to the previous trend support line at USD 33,500 which has acted as a resistance. A close above the resistance line tomorrow will support a bull argument warning the technical picture is improving, at this point the futures will target the USD 35,625 high. Price has closed above tomorrow's pivot point (Pivot USD 32,633, closed USD 32,900) with trend resistance tomorrow at USD 33,739. The futures have moved USD 4,000 in the last 3 sessions meaning we have a volatility expansion, warning we could see a corrective/consolidation in the market soon. If we are going to maintain bull momentum, we need to close above the trend line and consolidate, or just push on. If we fail to break the support tomorrow, we could see a technical pullback.

Oil

With OPEC agreeing on the Quota the futures have come under pressure. On the morning technical we noted we were in a bearish trending environment; however, it did look like we could see a mean reversion back to the 21 period EMA due to a positive divergence in the market, before moving lower. However, price paused for 1-hour before moving down to close the day at USD 68.13. The USD basket came under pressure early on giving up early gains, price has since pushed back to its highs, adding to the selling pressure in oil. Note: this is the most significant break in the 60 period EMA since October 2020, conflicting this is the ATR (Average True Range) which is at the highest level since March, warning this could just be a technical clear out and rebalance before pushing again. At over 5.00 USD lower this market will need to consolidate if it is going to move higher, as the pullback is below USD 68.99 meaning the technical has entered neutral territory

Have a nice Evening.

Ed Hutton