

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	36125	36750	1.7%	Pmx 1 month forward	32850	32650	-0.6%
Cape Q4 21	34800	35625	2.4%	Pmx Q4 21	27950	28500	2.0%
Cape Cal 22	23200	23575	1.6%	Pmx Cal 22	18125	18300	1.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33750	34000	0.7%	Brent	72.25	73.29	1.4%
Smx Q4 21	28500	29050	1.9%	WTI	70.22	71.4	1.7%
Smx Cal 22	17750	17875	0.7%	Iron ore	200.5	194.85	-2.8%

Data Source FIS and Bloomberg

Iron Ore

For a long time, the futures have been neutral bearish with the price failing to trade above the USD 217.80 resistance, only above this level would the technical be considered as bullish. Steel margins remain supported at RMB 602 on the back of the rebar continuing to push higher. However, with still output jumping 12% in the in the first six months compared to a year ago, mills are under more pressure to cut production through the rest of the year, and this is driving iron ore prices lower (Bloomberg). The August futures have broken support at USD 200.90 meaning the daily technical has made a lower low in line with the bearish fractal footprint, warning there could be further downside within this correction.

Copper

We noted that the futures remain vulnerable but had some potential genuine buying support as the futures were moving higher, despite a rising USD basket. Price stalled yesterday and produced sideways action, however the USD basket has tested the downside and is currently back near its highs, with copper testing the its longer-term EMA's to the upside on the daily technical. If we remain like this then we could see further upside in the USD basket tomorrow whilst copper is at EMA resistance, suggesting we have the potential for a down day tomorrow. Technically we remain in range with price action leaning towards random movement.

Capesize

Cape is moving higher today though the upside candles are small bodied. For more information on the technical please follow the link. Capesize Technical Report 22/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-22-07-21.pdf>

Panamax

The index remains corrective with price down a further USD 153 to USD 30,706. Price opened USD 650 higher and looked like we could go on a run. However, the RSI is testing resistance with very short-term momentum indicators hitting overbought levels on the daily, and 4-hour charts. This resulted in the futures selling lower, to close USD 200 lower on the day, at USD 32,650. Tomorrows pivot point is at USD 32,841, suggesting we could open below it and enter a small corrective phase; however, if the capes put in a strong performance you could see bull sentiment enter the market. At this point the technical looks vulnerable and could come under pressure on the open.

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Supramax

Strong like a bull. Momentum has improved based on price with the index up another USD 384 today, at USD 31,264. The bull sentiment was already evident in the futures which had risen in 4 of the previous 5 session. Price is up but movement is small at USD 250, price is warning of a momentum slowdown. However, this is because the market is testing the rising trend line, what was once a support is now acting as a resistance, if the futures are to run, we need to close above the USD 34,438 level tomorrow.

Oil

Uncertainty in the market 2 days had left me with a neutral view that kept me out of the market, as the downside moves had overextended past my support levels, making me question the bull argument. Price naturally rose from the ashes like a reborn phoenix to rally USD 4.30 in two days. Bloomberg headlines have immediately jumped on the move with headlines talking of a tightening of global demand, with China supplying refiners from its strategic reserves to try and cool demand. We have rallied hard and fast but there has been no evidence of an increase in open interest, more interestingly volumes are lighter than they were on the 19/07/20. This is just an observation, but the market looks to be rallying because sellers are stepping back, rather than bulls stepping up. It is going up, but I am not convinced it is not one of the dead cat thingymajigs.

Have a nice Evening.

Ed Hutton