

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	37375	38250	2.3%	Pmx 1 month forward	28900	30750	6.4%
Cape Q4 21	35325	36125	2.3%	Pmx Q4 21	27250	29050	6.6%
Cape Cal 22	23250	23544	1.3%	Pmx Cal 22	17525	18250	4.1%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	31150	33000	5.9%	Brent	74.79	75.75	1.3%
Smx Q4 21	27250	28550	4.8%	WTI	72.37	73.37	1.4%
Smx Cal 22	17325	17725	2.3%	Iron ore	195.55	192.15	-1.7%

Data Source FIS and Bloomberg

## Iron Ore

Yesterday we noted that momentum was warning we could have a test to the upside if the RSI could go above and hold above the 50 level. The trend looked stable (Aug and Sep outright trends not the rolling) with margins at RMB 700, the issue with being bullish is that you are taken on the Chinese government bear. Bloomberg headline, 'China Raises Export Tariffs for Some Steel Materials From August'. At this point the bullish momentum on the technical went out of the window, for more information on where the technical stands please follow the link. Iron Ore Sep 21 (rolling front month) 29/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Technical-Iron-Ore-29-07-21.pdf> We also have a US HRC technical as well. U.S. HRC Report 29/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-US-HRC-Technical-Report-29-07-21.pdf>

## Copper

As noted yesterday, the two-day corrective move in copper was just a rebalance with the expectations of higher pricing today. Copper gapped up USD 33.00 on the open and is up USD 125.5 going into the European close. China have been back into the market today releasing 170,000 metric tons of copper, zinc and aluminium from state reserves as it tries to ease raw material cost pressure on companies. On one hand they are trying to cool commodity inflation, however by doing so they are fueling a construction boom that could have the opposite effect on steel and ore. Copper is moving higher on global demand with our key level on the LME contract being USD 10,157, if we are right then China could get a respite from rising Copper prices with the futures entering a bearish wave C. If we are wrong, then the Chinese government is going to have a hard swim upriver in their attempt to cool the market.

## Capesize

Our Sep technical yesterday illustrated the bullish behavioral pattern in the market with the futures going on a run yesterday. The index needed to perform to keep the market supported which it has done, the index is now at USD 33,639, having risen by USD 1,783 today. The August futures are up but only by USD 875 having made the bulk of its move yesterday, price is primed and bullish but already trading at a premium of USD 5,000, with the futures pricing in next week. The Sep on the other hand has time on its hand with price rallying USD 1,175 to break fractal resistance and create a new high. Bullish, but still needs more from the index.

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## Panamax

There is always a positive to every negative, Love conquers all etc. The negative is the party pooper known as the Panamax index, which continues to move lower, down USD 556 today to USD 28,742. The positive, I was right about the bullish Harami pattern, we broke to the upside on the open with the August futures closing the day USD 1,850 higher, at USD 30,750. The big question today is, where do we go from here? The futures have closed above the short-term moving average with tomorrows pivot at USD 30,225, both of which would suggest we should in theory see another bull day tomorrow, based on previous closes above this average. However, we do need this index to slow down, August is at a USD 2,000 premium today and that could easily be over USD 3,000 by the close tomorrow. We are short term bullish; we are not expecting a run above the USD 34,000 high unless we see a significant turnaround in the index momentum.

## Supramax

Supramax is the ultimate friend. No matter what happens, you know they will be there like a rock, utterly predictable and totally dependable. The index posted another gain of plus USD 180 today, meaning the index is now at USD 32,206, that's USD 3,500 above the Panamax index. I appreciate this is spot, but you must ask the question regarding the disparity here, based on the Panamax index performance today, we could be at USD 4,000 discount to Smx tomorrow. I have the Pmax v Smx spread on my radar is it looks overstretched at -USD 2,200, the seasonality of this spreads also supports buying it, based on the average values of the last 5 years. For me to be right this spread will need to go bid quickly, before it starts averaging in. Back to the August contract in Supramax, another bullish Harami pattern that has paid out with a move of USD 1,850 higher today. Price has closed above the short-term average with tomorrows pivot point at USD 32,416 whilst the futures are pricing at USD 33,000. Technically bullish on paper we should expect higher pricing tomorrow, but if the Panamax index weighs heavy, you may find a bit of a consolidation day as we head into the weekend.

## Oil

Are you buying oil or just selling the USD here? I think we have established that I am not a believer in this current bull move in oil, so I have decided I am not going to mention today's low volume at all. Ok, I lied. If market bulls believed in this rally why is the volume so low, I literally do not understand. Email me if you have the answer Edwardh@freightinvestor.com. Don't get me wrong on this, I am not a massive market bear here, I just do not understand why the current rally is on such low volume. Big oil is back in business according to Bloomberg with Royal Dutch splashing the cash back to investors by hiking the dividend by 40%. I bet there were some deep in the money puts trading in this today from some moody account in Liechtenstein!

Have a nice evening.

Ed Hutton