

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	38625	39000	1.0%	Pmx 1 month forward	31050	32575	4.9%
Cape Q4 21	35375	35825	1.3%	Pmx Q4 21	28625	29250	2.2%
Cape Cal 22	23569	23562.5	0.0%	Pmx Cal 22	18125	18475	1.9%

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Smx 1 month forward	33125	33875	2.3%	Brent	76.33	72.88	-4.5%
Smx Q4 21	28550	29125	2.0%	WTI	73.81	71.18	-3.6%
Smx Cal 22	17725	17875	0.8%	Iron ore	177.65	178.05	0.2%

Data Source FIS and Bloomberg

## Iron Ore

For China it is all about emissions cuts, having seen a 12% jump in the first half year output authorities have stepped up their rhetoric around cleaning up the industry. Daily production at major mills dropped 5.6% in the first 10 days of July from June, with most of the decline taking place at plants in Shanxi, Hubei and Hebei provinces and mills including China Baowu Steel Group and HBIS Group. China's top leadership have pledged to ensure supply and price stability in commodities whilst production curbs are likely to boost steel prices and threaten to renew inflation concerns (Bloomberg). So just to be clear they Chinese want to produce less steel than last year but have already produced 12% more in the first 6 months, they are ensuring price stability in commodities but are probably going to see an increase in steel prices due to production cuts. Does that mean they will ease up on production curbs if price rallies? The daily chart on iron ore just got interesting as price is at/on the Dec/Jan/Feb and March highs, with the futures basing on the 200-period daily EMA. This is a big area of support (it is more a zone USD 171.30—USD 153.80) and will be key to the longer-term technical, if we hold, we could see another bull rally, if we do not then price could enter a consolidation environment as seen between Dec-20 and Mar-21. Technically bearish but a well-supported in this area making it a dangerous place to go short from a technical perspective.

## Copper

The futures have corrected in the last two sessions with price now consolidating for the 6th consecutive day. Two downside sessions will have market buyers alert for a potential bull day tomorrow as price has recently based around the USD 9,675 area. News on the wire is that there is a potential supply shock brewing in Chile 'A Copper Supply Shock Is Brewing as Miners Dig in on Wage Talks' (Bloomberg). Technically our wave analysis is unchanged with USD 10,157 a key area of resistance, we have the potential to see another wave down within this corrective phase. Obviously, the Elliott wave is a psychological footprint of the market, if the miners go on strike, the wave count will go out the window!

## Capesize

A quiet Monday with a with the index disappointing a little as it has come in at USD 284 lower, at USD 35,429. The index RSI has dropped a little to 61 and remains below the USD 62—64 resistance zone, this is key to the next bull move, if we break it, history says we could run (leg out disclaimer, nothing is guaranteed!). The futures remained bid through the day with price closing USD 375 higher at USD 39,000, paper is holding but will need to hear some good physical fixtures as it is already at a 4k premium to the index. Technically bullish but needs something to push it forward from here, although bid we are trading water.

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## Panamax

The index continues to slow down but remains bearish with price just USD 124 lower today, at USD 28,274. The paper however remains bid and is now trading at USD 4,000 premium to the index with price closing the day at USD 32,575, having risen USD 1,525. The index will need to perform tomorrow otherwise we could see some profit taking in the market, as fresh longs look to lock in and extract value at lower prices. If we close below USD 31,277 tomorrow then price will be below shorter-term MA's, warning that we could see some form of corrective pullback/rebalance in the market in the next day or so. Technically we need to trade above USD 34,000 for the daily futures to make a new high and be considered as bullish.

## Supramax

The index continues to plod in bullish territory with price up USD 149 to USD 33,875, the index has made a new high suggesting it is on an Elliott wave 5 of this phase. The Sep futures continue to push but remain below the USD 34,550 fractal resistance, above this level the daily technical will be considered as bullish. Intraday price and momentum remain bullish but short-term momentum indicators on the daily technical are warning that we could see a pullback soon, as the front-end trend has not re-established itself yet, leaving the futures a little vulnerable to intraday noise. The biggest issue will be if we have a Panamax correction, as this could pull the futures lower on the back of the inter-market spreads.

## Oil

The roll has knocked the futures of the bull perch and the technical has followed through by pushing the futures a further USD 2.50 lower. This is a correction that has been a long time in the making, price in the Sep futures had ground higher, but low volumes and small bodied candles had left the technical on borrowed time. The headlines on the wire will be 'slowing demand on the delta variant', or something along those lines, but this is a case of the cap fits, as price was always going to come under pressures. The market is going down and volumes are up again, if we close below USD 73.20 then you will have closed below the previous 5-days low. I think that this would be a DeMark sell signal (do not hold me to it).

Have a nice Evening

Ed Hutton