

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	39825	39500	-0.8%	Pmx 1 month forward	32875	32625	-0.8%
Cape Q4 21	35600	35125	-1.3%	Pmx Q4 21	29375	29625	0.9%
Cape Cal 22	23200	23175	-0.1%	Pmx Cal 22	18675	18650	-0.1%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	34875	34800	-0.2%	Brent	71.29	70.85	-0.6%
Smx Q4 21	29975	30000	0.1%	WTI	69.09	68.42	-1.0%
Smx Cal 22	18200	18025	-1.0%	Iron ore	166.73	167.87	0.7%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures continue to come under pressure having traded below the USD 163.60 level. Driven lower on the news that Chinese steel makers are being told to supply data on greenhouse gas emissions, as Authorities prepare to add the industry to the carbon market (Bloomberg). Alongside growing concerns about the Chinese economy and the delta variant, the iron ore futures have now dropped 25% in 16 days with the Sep contract looking to close out the week at USD 162.55. Price is now targeting the USD 154.00, if that support is broken there is not much to stop it trading down to USD 142.00.

Copper

A bit of a false start today, we had been expecting a bull day and looked to have been on the money with the futures trading up to a high of USD 9,603. We were half correct, unfortunately the bull move ran into a stronger USD basket after the payroll figures exceeded forecast, creating a selloff in commodities. Price is up on the day but will need to close above USD 9,514 for momentum to be seen as bullish based on price. The tapering debate will now be in focus, if the greenback rises the probability of the upside move in copper being a countertrend wave B rises with it.

Capesize

All the RSI on the index had to do is go above 64 to signal that momentum is increasing, warning Capes could be about to go on a run. The index was at 63.26 yesterday, I was getting ready for a victory roll on the expected upside breakout. However, the party was spoiled by the index coming in USD 458 lower, putting the RSI at 61.78 into the weekend. The paper on the other hand did have the small sell off that we were expecting going into the weekend, with the Sep futures down USD 325 to USD 39,500. This means the futures have closed below the short period MA suggesting we could see some further weakness on Monday. Technically bullish but looking like we have more to come in this pullback.

Panamax

The index is already slowing down with price coming in USD 283 higher at USD 29,705. The paper continued lower, but the markets have been quiet. We now have two days of lower pricing, if we see an upside turn in the two-period rate of change (ROC) on Monday then it would warn of upside continuation in the trend. The close itself is below the shorter period moving averages suggesting the move will be lower, but the ROC will be the signal to watch, if it is higher, then the pullback is likely to be short.

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Supramax

The index is up USD 153 which is in line with every other day this week. The paper is slowing down with price unchanged on the day in the Sep (- USD 75 at USD 34,800). Activity is quiet for the second day on the run warning we could see a corrective phase soon, based on the index moving slowly higher and the fact paper has not yet made a new high, if we do correct, we expect it to be shallow.

Oil

Oil seemed to have got the memo and started rallying on Ok volume yesterday and continued rallying on lower volume today. Oil was looking like it was going to replicate the last bull run, a volume decrease followed by a collapse in price. Then the pay-roll figures came out (see copper note) USD basket up, bears back in play on high volume, Brent is USD 1.50 off its high!

Have a nice Weekend

Ed Hutton