

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	27925	27375	-2.0%	Pmx 1 month forward	24500	24125	-1.5%
Cape Q322	31100	30250	-2.7%	Pmx Q322	24650	24250	-1.6%
Cape Cal 23	19250	19600	1.8%	Pmx Cal 23	15700	15575	-0.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	27750	27000	-2.7%	Brent	114.13	114.39	0.2%
Smx Q3 22	27450	27087.5	-1.3%	WTI	109.56	110.61	1.0%
Smx Cal 23	16325	16050	-1.7%	Iron ore	128	128.93	0.7%

Iron ore

Source FIS/Bloomberg

Iron ore lost almost a quarter of its value in a dizzying eight-day plunge through Monday. While futures in Singapore are staging a mini-recovery, the short-term outlook for the steel-making material looks grim. The main culprits responsible for a longer-term decline from early March have been the persistent funk in China’s property market and the virus-induced slowdown in economic activity. But while other parts of Asia’s largest economy have perked up recently -- the yuan has been broadly stable, and stocks are on an upward trend -- iron ore has gone into a tailspin. The answer to that seeming disconnect may be over-optimism in China’s steel industry, which ramped up production even as Covid-19 was hobbling the economy. Crude output of the metal was around 2.7 million tons a day in January and February, but then increased to 3.1 million tons a day in April and May, Gavekal Dragonomics said in a note on Monday. “The decision to operate at high capacity even after lockdowns hit growth suggests firms are also betting that a rebound in infrastructure and property will sustain demand,” Gavekal analyst Rosealea Yao said in the note. “Although infrastructure spending has picked up this year, the property sector, which accounts for 39% of total steel consumption, has failed to fully recover and prospects are uncertain.” (Bloomberg). The July futures have moved higher in the last day or so but the downside move on the RSI would suggest that this upside move has the potential to be countertrend. Key resistance is at USD 125.45, upside moves that fail at or below this level will leave the futures vulnerable to further tests to the downside, above this level the futures will have a neutral bias.

Copper

Base metals traded higher after two days of declines as sentiment improved across markets following last week’s rout in risk assets. Copper edged back above \$9,000 a ton, while zinc and tin led gains on the London Metal Exchange. Risk appetite is being helped by comments from US President Joe Biden, who said a recession in the world’s largest economy wasn’t inevitable (Bloomberg). The futures have moved higher on the back of a minor divergence with the RSI; however, upside moves that fail at or below USD 9,168 will leave the technical vulnerable to further tests to the downside, above this level we have a neutral bias. Technically bearish with price below the EMA resistance bands, key near-term resistance is at USD 9,168.

Capesize

A USD 2,661 move lower today to USD 22,477 means that index momentum is weakening based on price. For more information on the technical please follow the link. Capesize Technical Report 21/06/22 <https://fisapp.com/wp-content/uploads/2022/06/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-21-06-22.pdf>

Panamax

A negative index today with price USD 190 lower at USD 24,320, a close below USD 23,909 will mean that momentum is weakening based on price. A mixed day in the July futures with price moving lower in the morning session but finding bid support on the back of a positive divergence in the afternoon session. The futures will close the day USD 500 lower at USD 24,000 with the technical in bearish territory; however, tomorrow's pivot point is at USD 24,083 meaning the open will be in the balance. If price is above the daily pivot point, then we could find bid support targeting the USD 24,634 – USD 25,642 resistance zone in the near-term. However, if we open below the USD 24,083 levels then the USD 22,750 will be the near-term downside target for market sellers.

Supramax

The index is not really doing much at this point with price up another USD 11.00 at USD 27,178 today, technically momentum is improving based on price, but we remain unconvinced at this point as the July futures continue to trade below index values. The futures have traded to a low of USD 26,375, meaning our key support at USD 26,750 has now been broken, suggesting we can expect further technical weakness going forward. Upside moves that fail at or below USD 28,437 will leave the futures vulnerable to further tests to the downside, above this level the technical has a neutral bias. Technically bearish, upside moves should be considered as countertrend.

Oil

Oil climbed as financial markets recovered from last week's rout, with traders confident that tight supply inventories will sustain higher prices even if the global economy contracts. West Texas Intermediate rose to trade around \$111 after plummeting before the US holiday weekend. Top trader Vitol Group said Chinese demand is recovering in a market that's struggling to increase supply, meaning prices are unlikely to drop. Feeling political pressure due to surging fuel costs, US President Joe Biden said he's aiming to decide this week whether to suspend the federal gasoline tax (Bloomberg). The futures are coming under pressure into the close alongside equity markets with price looking like it is in the process of potentially rolling over to the downside. Key resistance is at USD 117.94, upside moves that fail at or below this level will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Price and momentum on the 4-hour chart are still aligned to the buy side, a close below USD 113.38 with the RSI at or below 37.5 (4-hour RSI currently 40) will mean it is aligned to the sell side. We are finding support on the daily EMA band but this technical still looks vulnerable at this point.

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