

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	17225	17050	-1.0%	Pmx 1 month forward	10875	10600	-2.5%
Cape Q3 23	18250	17925	-1.8%	Pmx Q3 23	12000	11625	-3.1%
Cape Cal 24	14600	14750	1.0%	Pmx Cal 24	11325	11225	-0.9%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	10475	10225	-2.4%	Brent	75.52	75.89	0.5%
Smx Q23 23	11775	11650	-1.1%	WTI	70.95	71.12	0.2%
Smx Cal 24	11500	11400	-0.9%	Iron ore	110.2	112.6	2.2%

Iron ore

Source FIS/Bloomberg

Iron ore just reached its highest since April, helped by bets on more government support for the economy and some signs that demand is holding up. The steelmaking material's rebound from a six-month low in late May has been driven partly by speculation that Beijing will take more decisive action to reboot a sputtering recovery. Analysts also point to more granular factors, from better steelmaking margins to more expensive scrap (Bloomberg). Having traded to a high of USD 112.70 in the Asian day session the futures have come under pressure this afternoon with the July contract closing the day USD 2.74 lower at USD 109.85. Technically bullish based on price on the morning report we continued to highlight that the current upside move looks to be a countertrend wave B with the lower timeframe still in divergence. For this reason, we were cautious on upside moves. It is worth noting that there has been a small drop in aggregate open interest, suggesting we are seeing profit taking going into the weekend.

Copper

Copper headed for a second weekly gain as exchange inventories declined sharply in Asia, creating tighter conditions in the physical market even as concerns about the demand outlook swirl. Prices for the key industrial metal headed for a 1.7% weekly gain, following substantial declines in stockpiles on the Shanghai Futures Exchange, and rising orders for metal stored in London Metal Exchange warehouses in Singapore and Busan. Tepid demand conditions in China have weighed heavily on base metals this year, but copper has fared better than most as worries about the industry's low levels of inventory persist (Bloomberg). Intraday Elliott wave analysis continued to suggest that we had a potential upside target at USD 8,426. However, we had a cautious view on the morning report as the futures had moved lower on the back of a negative divergence with, whilst the daily candle was trading in its EMA resistance band. The futures have traded to a new high, creating a second divergence, for this reason we remain cautious on upside moves at this point.

Capesize

The index is another USD 448 higher today at USD 12,560; however, the futures have seen limited movement today with the July contract coming under a little pressure this morning before closing the day USD 175 lower at USD 17,050. The intraday technical remains bullish with price holding the day above the 55-period EMA; however, as previously noted, we remain cautious on upside moves based on the intraday Elliott cycle, we should note that price is testing the base of the consolidation phase from the second half of May which has the potential to act as a resistance area.

Panamax

The index slowdown continues with price only USD 4.00 higher today at USD 8,980. Like the Capes we have seen limited price movement with the July contract closing the day USD 275 lower at USD 10,600 with only a USD 375 range. Technically we maintain our view that upside moves look to be countertrend based on our intraday Elliott wave cycle.

Supramax

Another negative number today with the index USD 126 lower at USD 8,093. Like the rest of the freight complex, price movement has been limited with the July futures closing the day USD 250 lower at USD 10,225. Technically bearish with support levels vulnerable based on our intraday Elliott wave analysis, this is supported by the MA on the RSI which would suggest that momentum remains weak at this point.

Oil

Oil was set for a slight weekly decline as demand concerns dominate market sentiment even after Saudi Arabia's unilateral pledge to cut production. West Texas Intermediate hovered above \$71 a barrel, paring this week's decline to less than 1% after a week of wild gyrations set off by duelling international headlines. Riyadh's surprise decision to cut output by about 1 million barrels a day last weekend, which caused a short-lived rally earlier this week, has receded behind a worsening outlook for consumption (Bloomberg). As noted on the morning report, the downside moves yesterday was followed by bid support, meaning the futures are now trading in the middle of the dominant bear candle. As the move yesterday was reactionary to a news article rather than technical or fundamental, the futures will need to close outside of this candle for near-term directional bias (USD 77.68 – USD 73.58).

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