

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	15125	15150	0.2%
Cape Q3 23	16150	16225	0.5%
Cape Cal 24	14100	14250	1.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	9425	8825	-6.4%
Pmx Q3 23	10450	10162.5	-2.8%
Pmx Cal 24	10725	10675	-0.5%

	Previous Close	Current Close	% Change
Smx 1 month forward	9500	9700	2.1%
Smx Q23 23	10500	10600	1.0%
Smx Cal 24	11000	10975	-0.2%

	Previous Close	Current Close	% Change
Brent	72.69	74.07	1.9%
WTI	68.03	69.57	2.3%
Iron ore	112.55	113.2	0.6%

Iron Ore

Source FIS/Bloomberg

China's latest industrial profits data highlight the extent to which the stalled post-virus recovery and ongoing property downturn have savaged the world's largest steel industry. Ferrous metal smelters were loss-making in the first five months of the year, compared with a modest profit in the opening four months, the official figures released Wednesday show. The year-to-date numbers were down a whopping 103% from a year earlier. The period encompasses most of China's normal peak season for construction activity in the second quarter, showing how that has failed to eventuate this year. The numbers are even more stark when one considers that in the year-earlier period Asia's largest economy was still shackled by Covid Zero restrictions (Bloomberg). The July futures had another test to the upside this morning, but again the move has failed to hold with the RSI starting to cross its moving average into the close. The futures finished the afternoon session USD 1.22 lower at USD 112.15. We maintain a cautious view at these levels, technically the upside move looks to have completed; however, as noted yesterday, Premier Li's comments around stimulus is keeping the market supported, if we trade above USD 114.65 then we will be looking at some form of Elliott wave extension.

Copper

Copper has declined on the weak China data today resulting in the divergence highlighted on the morning reports. We were cautious due to the divergence but noted that if the divergence failed it would have further bearish implications going forward. The futures are trading USD 100 lower at USD 8,258 going into the close with the RSI making new lows, the divergence has failed, suggesting upside moves should be considered as countertrend in the near-term.

Capesize

Another weak index today with price USD 9,55 lower at USD 15,113. The July futures are flat on the day (USD 25.00 higher) at USD 15,150, meaning we continue to hold above the key fractal support at USD 14,925, if broken the technical is bearish. With two days to go before we roll, market bears will want to see this support broken; with the futures tracking the index, and the index moving lower, it looks like this could potentially happen tomorrow.

Panamax

We continue to see the index weaken with price USD 271 lower at USD 8,190. Not a great day in the July futures, the Elliott wave cycle had warned that the recent upside move looked to be countertrend whilst the move below USD 10,075 had implied that we could see the USD 8,250 fractal low come under pressure. The futures are another USD 575 lower today at USD 8,850 taking us another step closer to the May low, if broken, the next significant support will be at USD 7,450.

Supramax

Another small move higher in the index today with price up USD 59 at USD 8,267, We are turning but price is yet to gain any significant momentum. With the index starting to base, the July futures are following a similar pattern with price closing the day USD 200 higher at USD 9,700. We are trading between the 8-21 period EMA's with price below trend resistance. Technically we are bearish with the Elliott wave analysis suggesting the USD 9,150 fractal low should be tested and broken. With July about to price in, we have a carry of around USD 1,500, so unless we see a strong shift higher in the index, we continue to expect the support to come under pressure.

Oil

Oil rose after a US government report showed nationwide stockpiles fell the most in two months, outpacing market expectations. US crude stockpiles fell 9.6 million barrels last week, the Energy Information Administration said Wednesday. Adding to the bigger-than-expected draw in commercial crude stockpiles was an additional 1.35 million barrels withdrawn from the Strategic Petroleum Reserve. "Despite a tight physical market, oil had been pushed down on sentiment," said Matt Sallee, a portfolio manager at Tortoise. "This week, we are getting a logical response to physical inventories. The market might be waking up to the fact that the market is fairly tight." (Bloomberg). We were technically bearish this morning but suggested a little caution as the futures were testing the USD 71.58 – USD 71.39 triple support zone. The futures held support this morning with the stockpile draw pushing the futures one cent above our USD 73.98 resistance this afternoon. the longer-term technical is bearish, but the near-term technical now has a neutral bias. Once again support has held, it is starting to become a benchmark area for the technical, I guess it is time to watch how the aggregate open interest reacts in case we get another build.

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