

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	27325	25875	-5.3%	Pmx 1 month forward	16225	15575	-4.0%
Cape Q3 24	26725	26250	-1.8%	Pmx Q3 24	16150	15875	-1.7%
Cape Cal 25	21400	21000	-1.9%	Pmx Cal 25	13725	13625	-0.7%
	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	15450	15200	-1.6%	Brent	82.79	82.4	-0.5%
Smx Q3 24	15150	15150	0.0%	WTI	78.45	78.08	-0.5%
Smx Cal 25	13000	13000	0.0%	Iron ore	115.15	113.7	-1.3%

Iron Ore

Source FIS/Bloomberg

Iron ore dropped for a second day as concerns around China's property market continued to dampen sentiment. Futures in Singapore fell as much as 1.5% to the lowest level since late April. Iron ore prices in Dalian and steel contracts in Shanghai also declined. The beleaguered property market in China has prompted the Asian nation to consider a proposal for local governments to buy millions of unsold homes, which would be one of its most ambitious attempts yet to salvage the sector. However, that failed to lift the market as concerns continues to stack up after a major developer defaulted for the first time on publicly issued dollar bonds this week. Iron ore inventories are piling up at Chinese ports during traditional peak construction seasons, indicating weak demand (Bloomberg). Technically bullish but in a corrective phase this morning, the futures were testing the 200-period MA (USD 113.87), meaning we were at an inflection point and needed to gauge how the futures reacted to the average. We maintained a cautious view on upside moves. The June contract is 0.56 higher at USD 114.20 meaning it has not moved. Suggesting the market is also waiting to see if it holds or fails.

Copper

Technically bullish, we noted that there remained a chance that we could see one more test to the upside within this wave extension in the morning report. The futures traded to a high of USD 10,401 before trading down to USD 10,231 into the EU close. The futures are now in divergence with the RSI, whilst the RSI is below its MA, implying caution on upside moves at theses level. However, we maintain our view that downside moves should be considered as countertrend, as there had been a wave extension in the last bull move.

Capesize

We continue to come under pressure with the index USD 1,928 lower at USD 22,383 today. The June futures have followed suit with price USD 1,450 lower at USD 25,875, meaning we have closed the day just above the USD 25,746 support. If broken, then the probability of the futures trading to a new high within this phase of the cycle will start to decrease. As noted in the morning report, the Panamax and Supramax have already broken key support, meaning it looks to be a case of when rather than if the USD 25,756 level will fail. Based on the close tonight, my guess it will be on the open tomorrow.

Panamax

A big drop today in the index with price USD 658 lower at USD 15,805. Bullish with a neutral bias in the morning report, the probability of the futures trading to a new high had started to decrease. We noted that support levels remained vulnerable in the morning report, as the futures were below the 200-period MA whilst the RSI had broken support. The June contract has dropped another USD 500 to close USD 675 lower on the day at USD 15,550. It looks like the USD 14,875 fractal low will be tested and broken; however, we do have a note of caution on downside breakouts, as this will put price in the daily support zone.

Cape Spreads – Panamax Spreads

A new one today with Cape and Panamax spreads in Jun v July, July v Q3 24, and Q3 24 v Q4 24. Feed back would be good to see if it is worth continuing with. Freight Spread Report 15/05/24 <https://fisapp.com/wp-content/uploads/2024/05/FIS-FREIGHT-SPREAD-REPORT-15-05-24.pdf>

Supramax

The index is another USD 240 lower today at USD 15,984. The June futures were down a similar amount (USD 250) and closed the day at USD 15,200. For more information on the technical, please click on the link. Supramax Technical Report 15/05/24 <https://fisapp.com/wp-content/uploads/2024/05/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-15-05-24.pdf>

Oil

Technically bearish this morning, the MA on the RSI was starting to turn higher, implying sell side momentum was slowing. Multiple divergences suggested caution on downside breakouts; we noted that we may move lower, but the futures were not considered a technical sell at these levels. We did see a downside breakout; the move failed to hold with the futures trading at USD 82.37 into the EU close. Its still not a technical sell!

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