FIS

European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	26250	25625	-2.4%	Pmx 1 month forward	15450	15700	1.6%
Cape Q3 24	25875	25675	-0.8%	Pmx Q3 24	15625	15750	0.8%
Cape Cal 25	21175	21175	0.0%	Pmx Cal 25	13425	13475	0.4%
	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	15025	15050	0.2%	Brent	81.62	78.29	-4.1%
Smx Q3 24	15025	15075	0.3%	WTI	76.99	74.12	-3.7%
Smx Cal 25	12825	12850	0.2%	Iron ore	115.48	109.95	-4.8%

Source FIS/Bloomberg

Iron Ore

Iron ore dropped to the lowest level in more than six weeks on worries over the outlook for Chinese demand, which has been hammered by the protracted property crisis. China's housing slump is now in its third year, weighing on the world's second-largest economy and exacerbating a liquidity crunch among developers. Policymakers are trying to revive sentiment among homebuyers who are worried about falling prices and unfinished apartments. The value of new-home sales from the 100 biggest real estate companies dropped 34% from a year earlier to 322.4 billion yuan ($44.5 billion) in May. While that was less than the 45% decline in April, it shows the magnitude of the challenge facing the country's government. "Housing starts and new construction will remain weak" because of a policy shift toward destocking inventory, said Hui Shan, chief China economist at Goldman Sachs Group Inc. "Our property team expects housing starts to decline 15% this year," she said, while iron ore prices are likely to drop to $100 a ton in the fourth quarter (Bloomberg). The upside move rejected the USD 127.15 resistance last week, warning that there is potentially a larger bearish Elliott wave cycle in play. The July futures are now around USD 10.00 lower, with the MA on the RSI warning momentum remains weak, suggesting upside moves could fail to hold. If we trade below USD 104.75 it will further weaken the technical, meaning the USD 95.40 fractal low will start to look vulnerable.

Copper

Technically bearish based on price this morning. We noted that the futures were finding support around the USD 10,051 level, whilst below USD 10,020 we would be in divergence with the RSI, implying caution on downside breakouts. The futures have seen price move around USD 70 higher since the morning report (currently USD 10,142.5) with the MA on the RSI starting to flatten. A close above the weekly pivot level (USD 10,221) will indicate that buyside pressure is increasing; likewise, failure to do so will leave support levels vulnerable. We remain cautious on downside breakouts below USD 10,020 due to the divergence risk.

Capesize

The index is USD 32 lower today at USD 23,357. The July futures rejected the 55-period EMA on Friday resulting in price trading USD 625 lower at USD 25,625 today. We have a small trend support at USD 25,152, a close below this level will warn that the USD 21,675 – USD 21,250 fractal support zone could come under pressure. For more in formation on the technical, please click on the link Capesize Technical Report 03/06/24 https://fisapp.com/wp-content/uploads/2024/06/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-03-06-24.pdf

Panamax

The index is another USD 110 lower today at USD 13,794, meaning we are trading below the 200-period MA (USD 14,291). If we can hold below the average it will further weaken the technical; likewise, a close back above it will warn that there is an underlying support in the market. The July futures traded into their support zone last week (low USD 14,875); however, we are seeing light bid support with price currently holding above the 200-period MA (USD 14,629). Having rejected the upside on the open, we held the daily pivot level on the downside move (USD 15,516) to close the day USD 250 higher at USD 15,700, meaning we have a small Doji cross on the daily chart. This is implying that there is indecision in the market, whilst price is trading between the 8-21 period EMA's, indicating we have found value. If we close tomorrow below the weekly pivot level (USD 15,475) then we could see one more test to the downside. However, as noted before my vacation, this is into the daily support zone whilst the current upside move has been on a 1-hour positive divergence, meaning we remain cautious on downside breakouts at these levels.

Supramax

We continue to see weakness in the index with price USD 66 lower at USD 13,994 today. We had a bit of a sell off last week before jumping higher on the back of the roll into July. However, we have the RSI at 49 whilst the stochastic is overbought, providing the RSI can hold below 50 then the futures remain vulnerable to a move lower. However, price is USD 25 higher today at USD 15,050, above USD 15,156 the probability of the futures trading to a new low will start to decrease. This technical is now in balance, meaning I am lacking directional bias at this point.

Oil

Oil tumbled after OPEC+ unexpectedly rolled out a plan to restore some production to the market this year, adding to the bearish momentum crude has been experiencing for months. Global benchmark Brent crude futures slipped as much as 3.6% to dip below $79 a barrel, while West Texas Intermediate fell near $74 a barrel. Both benchmarks are at their lowest prices since February. OPEC and its allies over the weekend agreed to start rolling back some production cuts starting in October, earlier than many market watchers had expected. The curbs will continue in full in the third quarter, before gradually phasing out over the following 12 months. Analysts had been torn on whether the decision would be bearish for crude, or whether the group would still be able to diligently manage the market (Bloomberg). I had oil as a high risk sell before I went on vacation, resulting in price rising (and falling USD 4.00) I maintained that view this morning due to the futures being in divergence whilst testing the weekly 200-period MA at USD 80.02. The futures have seen a strong sell off today on the back of the headlines, resulting in price trading USD 2.76 lower at USD 78.35; meaning the divergence has failed, and we are trading below the longer-term average. The fundamental news does not look great for oil, and the break below USD 80.02 is a red flag. However, it is still Monday, and it is a weekly average, so we need to close below and hold below the USD 80.02 level to signal downside continuation. Near-term price action is suggesting intraday upside moves should be countertrend, meaning we have the potential for further downside, my Elliott wave cycle is following a 372 min candle (from high USD 92.18 to low USD 78.21) and this is in divergence. So, unless we are about to see a mass liquidation and wave extension, I would be cautious on the 200-period MA break until it has some decent confirmation, as it could struggle to hold. I should note, this is now a 5-wave pattern lower from the USD 92.18 high, suggesting that moves higher will probably be a countertrend corrective wave B, but due to the USD 14.00 sell off, upside moves could still be significant in the longer-term.

Written by **Ed Hutton**, FIS Senior Technical Research Analyst

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