

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	24300	23225	-4.4%
Cape Q4 24	28100	27950	-0.5%
Cape Cal 25	22275	21950	-1.5%
	Previous Close	Current Close	% Change
Smx 1 month forward	15350	15500	1.0%
Smx Q4 24	15412.5	15500	0.6%
Smx Cal 25	13375	13400	0.2%

	Previous Close	Current Close	% Change
Pmx 1 month forward	14925	15300	2.5%
Pmx Q4 24	15950	16025	0.5%
Pmx Cal 25	13850	13800	-0.4%
	Previous Close	Current Close	% Change
Brent	82.26	81.12	-1.4%
WTI	79.95	77.08	-3.6%
Iron ore	103.5	100.95	-2.5%

Iron Ore

Source FIS/Bloomberg

Iron ore is the limbo dancer of the commodities world this year — it just keeps on going lower as global supply runs ahead of demand. The latest bar that the steel-making staple cleared was an intraday drop below \$100/ton. That means it's about -29% YTD. Futures did trade below that level back in March and April, albeit very briefly. So, the key question this time around is whether it sticks in two figure territory. The move lower points to a vibrant mining industry in Brazil and Australia, with some of the majors shipping record volumes, and others planning to bring substantial, low-cost volumes online. The slump also speaks, of course, to a troubled China, where consumption has been hobbled by the property crisis (Bloomberg). The downside move in the August futures today has resulted in the lower timeframe Elliott wave cycle extending to the downside (divergence failed), meaning intraday upside moves now look like they will be countertrend in the near-term. The technical is now warning that the USD 95.40 fractal low is starting to look vulnerable. We have found light bid support in the Asian day session to close USD .76 higher at 101.35; however, the move higher is not yet considered as deep enough to be the upside countertrend move that we are looking for.

Copper

Copper fell for a seventh straight session, to the lowest level since early April, on concern that Chinese demand for industrial metals is weakening. A twice-a-decade conclave of China's top leadership held last week has so far failed to deliver any meaningful stimulus that might support metals demand. The red metal has retreated almost a fifth from a high in late May, partially due to disappointing growth in Asia's largest economy. The copper market has also been dogged by a growing mismatch between supply and demand, with global inventories rising sharply as excess stocks are delivered into exchange warehouses (Bloomberg). The futures are another USD 57.00 lower today at USD 9,159.5. the downside move is proving to be resilient, but so is the 1-hour RSI which continues to move higher as price moves lower. The divergence means we must maintain a cautious view on downside moves lower, as the technical is warning we could see an intraday (countertrend) pullback soon.

Capesize

The index is USD 856 lower at USD 23,665 today. The August futures are tracking the index lower, we are down USD 1,075 on the day at USD 23,225. Going into the close, we are trading on the trend support with the daily and weekly 200-period MAs at USD 22,292 and USD 22,132. From a technical perspective, this is a high-risk area to be going short, as we have the potential to see longer-term investors and short covering as we approach the averages. A very cautious bear, not a technical sell at these levels.

Panamax

The index is back in positive territory today with price USD 144 higher at USD 14,213. We noted this morning that the USD 15,150 fractal high was vulnerable due to the momentum support, whilst market buyers would want to see the August futures hold above the 200-period daily MA (USD 14,879). We dipped on the open, but price has since found bid support to close USD 375 higher at USD 15,300. If we hold above this average, expect market shorts to start looking for cover.

Supramax

The index looked to have turned yesterday with price coming in USD 1.00 lower; however, we are USD 65 higher at USD 15,181 today, putting price back in positive territory. The August futures are already in bull territory with price breaching the USD 15,411 resistance on Friday, warning that the USD 15,675 fractal high was vulnerable. Supported yesterday, we have seen a USD 150 move higher to close at USD 15,500 today. We maintain our view that the USD 15,675 high looks like it will soon be tested and broken.

Oil

Oil fell for a third session as futures hit key technical levels, spurring a bout of algorithmic selling amid low summer liquidity. West Texas Intermediate dropped as much as 1.6% to trade near \$77 a barrel, the lowest in five weeks. The decline was propelled by algorithmic traders dumping their bullish positions after futures surpassed both the 50-day and 100-day moving averages, which have acted as support levels. Oil is approaching oversold territory on the 9-day relative strength index, suggesting a reversal may be imminent (Bloomberg). The RSI rejected its average this morning resulting in the futures selling USD 1.41 lower at USD 80.97 going into the close. The futures have now traded below the USD 80.51 support, suggesting there will not be a larger bullish Elliott wave cycle coming into play. We maintain our view that upside moves should be considered as countertrend. The futures are now testing (trading below) the weekly 200-period MA (USD 81.48), meaning the longer-term technical is at a massive inflection point. if we go, it could be brutal!

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