FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COAL



info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	37375	34875	-6.7%	Pmx 1 month forward	34125	32250	-5.5%
Cape Q3 21	35800	34125	-4.7%	Pmx Q3 21	33975	32575	-4.1%
Cape Cal 22	24125	23687.5	-1.8%	Pmx Cal 22	18775	18325	-2.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33625	31875	-5.2%	Brent	75.55	75.15	-0.5%
Smx Q3 21	32825	31700	-3.4%	WTI	74.56	74.11	-0.6%
Smx Cal 22	18200	17825	-2.1%	Iron ore	204.31	207.89	1.8%

**Data Source FIS and Bloomberg** 

# Iron Ore

Iron ore caught a small bid on Monday with the August futures moving USD 2.00 higher than the close on Friday evening. The market remains supported but is still not considered as bullish as price is has not traded above the USD 217.80 high. Bloomberg margins at mill are now at RMB 599, again an increase of around RMB 100 from Friday. The futures lack trend direction at this point with support and resistance coming from the 4-hour Bollinger band and the 200-period MA. Import/export and trade balance figures this week may give the market a directional bias and more clarity tomorrow.

### Copper

Concerns about economic growth in China have created a nervous metals market with copper coming under pressure early on. A cut in the RRR last week went further than expected suggesting signs of a slowdown could emerge in the figures this week when fresh economic data is released. The futures are down marginally on the day but lack market direction, as both short and medium term EMA's are currently flat. The relative strength index is below 50, meaning momentum remains weak at this point. Like iron ore this is a market that will need to see some clarity, data announcements tomorrow could give us a lead on the market as todays movement lower seems to have been driven only by a rising USD basket. However, this is coming under pressure meaning copper is catching a bid into the close

# Capesize

The market continues to come under pressure in what looks to be wave-4 countertrend moves in the futures. For more information on the technical please click on the link. Capesize Technical Report 12/07/21 <a href="https://fisapp.com/wp-content/uploads/2021/07/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-12-07-21.pdf">https://fisapp.com/wp-content/uploads/2021/07/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-12-07-21.pdf</a>

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#### **Panamax**

The futures started the day weak with the August coming under pressure early on to trade to a low of USD 30,750. However, the index although corrective came in USD 286 lower at USD 35,290, meaning the futures immediately want bid, to close the day USD 1,500 off their lows at USD 32,250, down USD 1,875 on the day. Longer-term moving averages remain stable suggesting this is a corrective pullback rather than a market top, we need to see the full technical on this, but based on the Cape and Supramax wave counts suggesting they are in countertrend moves, it would imply we should see buying support at lower levels. If the index closes above the USD 35,926 tomorrow then expect the futures to move higher hard and fast, at this point we will open on the daily pivot point which will set us up for an indecisive open.

# Supramax

If you had seen the futures on the open, you would title this Supramax episode as 'the one that bucked the trend'. However, as the big sisters came under further pressure the August bids faded, with the futures going from up USD 250 to down USD 1,750. The futures and the index are now at equilibrium, suggesting there is uncertainty in this trend, and probably some profit taking going on. As you know from last week, we remain bullish the Elliott wave cycle indicating this market pullback is a corrective phase and not a bearish phase. Something to watch out for is the RSI price imbalance, the RSI has just made a new low, if the futures do not trade below USD 31,500 tomorrow then you will have a bullish hidden divergence in play, it is a marginal divergence so not one to get over excited about just yet.

Oil

Oil rallied late last week on declining inventories but has now stalled due to the threat of the rising delta variant. From a technical perspective this is a hard market to call, if you look at longer term averages this trend is bull and stable. If you look near-term momentum the RSI has made a new high but is in divergence over a longer timeframe (Mar-21). This market has made a lower low, but the upside move since May looks to be greater in price but shorter in time. The Elliott wave cycle would suggest we have seen the top, again not a convincing count at this point. The pullback to USD 72.11 looks like it could be significant so we will sit on the basics, we are bearish due to the break in fractal support, if trade above the swing resistance at USD 75.84 we could test USD 77.84; however open interest is not going u,p indicating upside swings are being sold into. The trend might be bullish, but we are unconvinced.

Have a nice evening.

**Ed Hutton** 

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