

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	35125	33925	-3.4%	Pmx 1 month forward	30750	28475	-7.4%
Cape Q4 21	35500	34000	-4.2%	Pmx Q4 21	28000	27000	-3.6%
Cape Cal 22	23625	22825	-3.4%	Pmx Cal 22	18125	17650	-2.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	32450	31000	-4.5%	Brent	74.82	74.37	-0.6%
Smx Q4 21	28125	27125	-3.6%	WTI	72.19	71.54	-0.9%
Smx Cal 22	17825	17275	-3.1%	Iron ore	199	193.25	-2.9%

Data Source FIS and Bloomberg

Iron Ore

The futures traded above our USD 202.05 target this morning to a high of USD 203.75, price failed to hold and subsequently closed below the first of our resistance levels. News on the wire is that China is considering imposing more tariffs on steel exports as it seeks to achieve twin goals of capping domestic production and taming the surging prices that is fanning inflation concerns (Bloomberg) we targeted the USD 202 level in the near-term with a downside test overnight followed by buying support into the close. Price traded up on the open and sold off overnight before going bid into the close. Technically we need to see the daily RSI go above 50, if it does then we have the potential for an upside push. This is of course totally subjective as the Chinese government are trying to talk the market down which could damage the potential for bull momentum.

Copper

When you walk into pub and tell a girl/boy/gender neutral a joke and must explain it, you know you have fallen flat on your face. My Copper technical is a bit like that, so I need to explain something about Elliott wave corrective patterns. They consist of 3 waves; A, B, C. Wave A can consist of 3 or 5 waves, Wave B is a bull wave and always consists of 3 waves. Wave C always consists of 5 waves. A wave 4 corrective phase often completes in a set time-period, this is calculated by measuring the time between the peaks of wave 1 and 3 and projecting from the base of wave 2 by 138.25 and 161.8%. The wave C should terminate in this zone and begin the wave 5. We have a 3-wave pattern down, but the wave C does not consist of 5 waves, the time period looks wat too short for a wave 4 completion (this is all using the Williams method). I need to highlight this as I ran out of room on the technical! Copper Technical Report 27/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-Copper-Technical-Report-27-07-21.pdf>

Capesize

On Friday I was super confident that the freight futures would run this week having completed a bullish close on the weekly chart. Yesterday we obviously had to except that the near-term outlook at least had changed, based on the close last night, suggesting we would see further downside today. Price sold off on the open with rumours that participants were stopping out, this was followed by news that China had slapped crew change bans of up to 30 days on nine ship managers. The futures have traded below the USD 33,455 but closed the day at USD 33,925. Tomorrows pivot point is at USD 34,183, if we open above this level we could see some buying support in the market, if we don't then the futures will target the USD 33,250 and USD 31,050 support levels.

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Panamax

An acceleration to the downside in the index today (-USD 415 to USD 29,868) resulted in the futures coming under some strong selling pressure. The August futures have closed the day at USD 28,475, USD 2,275 lower putting the futures at a USD 1,400 discount. The futures have also created a lower low in the market, as has the 2 period ROC (Linda Raschke), suggesting there could be further downside tomorrow, however if we see an uptick in the ROC tomorrow it could warn the futures have the potential to form a short-term base.

Supramax

With the rest of the freight complex moving lower the futures followed suit today. The index is still moving higher but slowing down (+USD 108 to USD 31,821), the August are now at USD 31,000 having sold USD 1,450 lower, like the Panamax we are now trading at a discount. The intraday 4-hour futures are now on the 200 period MA which is a key longer-term average, if we close below and hold below this level then we target the USD 28,600 support. We have now had 3 bear candles in succession with recent downside moves being usually pausing (even if it is just for a day) on candle 4, this means we could see a momentum slowdown in the next 24—48 hours. One issue for the technical is the RSI/stochastic placement, the RSI is neutral and the stochastic overbought, if we go much lower the technical will look vulnerable from a momentum perspective.

Oil

The futures have looked vulnerable for a few days due to the reduced volume on the upside move, price is now starting to slow down and shown some signs of weakness. The futures are small off on the day with the headline on Bloomberg citing the rise in the delta variant. Technically I think the trend looks like it could enter a corrective phase, but price will need to probably need to produce a down day tomorrow to confirm this. For now, the futures are getting some respite from a weakening USD basket, however the USD RSI is at 51 meaning it could see some support coming in tomorrow. If the dollar holds Brent could be in trouble.

Have a nice evening.

Ed Hutton