

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	33925	37375	10.2%	Pmx 1 month forward	28475	28900	1.5%
Cape Q4 21	34000	35325	3.9%	Pmx Q4 21	27000	27250	0.9%
Cape Cal 22	22825	23250	1.9%	Pmx Cal 22	17650	17525	-0.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	31000	31150	0.5%	Brent	74.71	74.94	0.3%
Smx Q4 21	27125	27250	0.5%	WTI	71.89	72.41	0.7%
Smx Cal 22	17275	17325	0.3%	Iron ore	193.25	195.55	1.2%

Data Source FIS and Bloomberg

Iron Ore

The August iron ore technical remains in balance with the stochastic oversold and the RSI at 48 near neutral. If the bears can keep the RSI below 50 then momentum could weaken further, price at this point remains stable around the USD 198.50 level. However, if the RSI moves above 50 the stochastic becomes relevant, meaning the futures will be vulnerable to a test to the upside. The upside move in Rebar is now considered as deep into the last bear wave meaning the steel product has entered a neutral phase (bearish neutral) whilst Bloomberg margins at mill are still around the CNY 700 level, which is giving the market support. Technically the trend looks stable, but if you are bullish then you are taking on the Chinese government bear!

Copper

The copper arb (Sep) really blew up a couple of days back with the CME product trading at a USD 300 premium to LME, this is now making headlines on Bloomberg **U.S. Copper Buyers Face World’s Highest Prices as Demand Booms**. U.S. copper buyers are paying the world’s highest prices for the metal as soaring demand and logistical bottlenecks send New York futures surging ahead of contracts in London and Shanghai. Freight is the problem, as moving stocks from Europe before the Sep expiry is a no go as highlighted by GS in a note earlier in the week. On the LME we are not only trading at a discount, but we are also moving lower. Demand in the U.S is strong, suggesting this move down is probably a momentum rebalance on the LME technical that will move higher tomorrow. USD 10,157 is our key upside resistance level which gives us around USD 450 upside leeway, in what I believe is potentially a countertrend Elliott wave B.

Capesize

An eight-day upside move from low to high, followed by a two-day correction and a strong upside day. This looks like a bullish trending behavioral pattern and smells like one. We have an illustration of this and a September technical to go along side it. Price action is bullish, rumours of stronger bids in the C5 physical on the open meant that the futures, which closed near their lows, opened near the previous day’s high. A market that closes near its low with an open above the previous days mid-point is often a buy on open (Steve Nison) For the Sep report please click on the link. [FIS Morning Technical Sep Capesize 28-07-21.pub \(fisapp.com\)](https://www.fisapp.com)

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Panamax

The downside move in the index is not slowing with price another USD 570 lower, at USD 29,298 today. The August futures were already trading at a discount to the index which has given it a little leeway, we noted on the morning technical report that the futures were looking oversold and had the potential to produce a bullish Harami pattern, which has been the case. The Harami pattern is suggesting the August futures could have a bull day tomorrow. I have two big questions, if the Cape paper is starting to pump, how long before the sentiment pulls the August Panamax higher? Second question, the August Panamax v Supramax spread is trading at USD -2,175 which is below the 5-year historical lows, does anyone else think that spread is out of line?

Supramax

Strong like a bull, up USD 205 today to USD 32,026 in the index illustrates how strong this bull cycle is. We still see this as an extended wave 3 (Elliott wave) with price looking like it will trade above the USD 32,324 high to target the USD 3,362 level, and potentially higher. We noted on the morning technical that the futures could consolidate, and this has been the case, the August contract like the Panamax has produced a bullish Harami candle pattern. This would suggest we could see a potential bull day tomorrow as the futures are now at a USD 1,000 discount to the index. Price is holding above the 200-period MA with the Rate of Change (ROC) now turning higher, again supporting a potential bull move tomorrow. If we open above the USD 31,283 level in the morning, price will be above the daily pivot point and should then test the USD 31,750 high of the today.

Oil

News on the wire today 'Abramovich Rejects Claim Putin Ordered Him to Buy Chelsea FC' (Bloomberg). Honestly, I am not sure where to go with this story and its relevance to the momentum slowdown we are seeing in oil. Volumes in Brent were dismal today as the market continues to consolidate in bull territory. From a technical perspective I am not a bull, but price is holding in there waiting for an event. This could be EIA data or the FOMC meeting, it could be that price is looking for a weakening USD. Either way, if the futures go up, it will not be technically driven, the technical may eventually support it, but right now it continues to look vulnerable.

Have a nice evening.

Ed Hutton