

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	38250	38625	1.0%	Pmx 1 month forward	30625	31050	1.4%
Cape Q4 21	36125	35375	-2.1%	Pmx Q4 21	29000	28625	-1.3%
Cape Cal 22	23544	23569	0.1%	Pmx Cal 22	18225	18125	-0.5%

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Smx 1 month forward	33000	33125	0.4%	Brent	75.93	76.34	0.5%
Smx Q4 21	28750	28550	-0.7%	WTI	73.41	73.94	0.7%
Smx Cal 22	17775	17725	-0.3%	Iron ore	192.15	177.65	-7.5%

Data Source FIS and Bloomberg

Iron Ore

Yesterday we noted on the technical that a downside move below the USD 185.82 level would warn that the technical picture was weakening, price traded through this level with the intraday divergence failing at USD 183.75, resulting in the August futures trading down to a low of USD 175.90. News on Bloomberg 'Iron ore tumbled on expectations demand will wane as China deepens steel production cuts in its drive to clean up the industry. The material is under mounting pressure -- futures in Singapore have plunged 18% in two weeks -- as Beijing steps up measures to reduce pollution from one of its dirtiest industries. Shagang Group, the world's fourth largest steel mill, said this week that it's curtailing production and overseas sales to comply with government efforts to cut emissions. The futures are now USD 3.00 of their lows but the trend is bearish with upside moves now expected to be countertrend. The near-term downside target for the rolling front month contract is now at USD 170.50.

Copper

Copper opened weaker and failed to hold the upside move around 2.00 pm U.K. time. The Elliott wave cycle (my interpretation of it) would suggest this recent upside move is a countertrend wave B with key resistance around the USD 10,157 level. On the morning report we noted that we could be in the early stages of a corrective phase, citing USD 9,611 as a key intraday support to follow. If we close below the USD 9,762 level (currently 9,699) then it would signal momentum is weakening based on price, warning that we could see lower pricing on Monday and the USD 9,611 support coming under pressure.

Capesize

A good index today (up USD 2,074 to USD 35,713) has pushed the RSI to 62. Earlier in the year we cited the 62-64 region as a key area for the index RSI, as above this range often signals a run. We went through this level in April and the index went Parabolic and we are now back testing it. If we break this level next week, we could see the index and futures go on a momentum run. For more information on the technical please click on the link. Capesize Technical Report 30/07/21 <https://fisapp.com/wp-content/uploads/2021/07/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-30-07-21.pdf>

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Panamax

The futures have rolled into Sep today which mean we automatically opened higher. The rolling front month chart will close USD 425 higher on the day; However, the September contract has closed USD 700 lower at USD 31,050. The index is now at USD 28,398 having closed the day USD 344 lower. This is bearish, but it is also a sign we could be seeing a momentum slow-down, as the previous two days have been more than USD 500 lower. Today's candle is an inside day on the Sep outright, but a new high close compared to yesterday on the rolling front month contract. If we trade above the USD 3,1875 on Monday look for upside continuation, targeting the USD 34,000 level. If we close below USD 29,372 then the Sep futures are signaling that momentum is weakening based on price, warning the USD 28,425 support could be tested.

Supramax

The index continues to move consistently higher, Up USD 180 yesterday and USD 189 today, to USD 32,395. The Sep futures are already trading at premium of around USD 8,00, with the Panamax continuing to come under pressure the futures had a narrow range of just USD 625. The market has consolidated but held onto a small gain of USD 125, the futures are still considered as neutral bearish as price never traded above the USD 34,550 high form the 07/07/21. Above this level the USD 35,625 resistance becomes vulnerable. Upside momentum is being hampered by the negativity in the Panamax, if the Cape RSI goes above the 64 level, then we could see a run that will possibly drag the Pmx and SMX with it, making this the key level to watch in the freight complex next week

Oil

Oil had the strongest upside move in 5 days yesterday with price moving higher again today, the futures are at USD 76.32 going into the EU close. Oil is up and so is the USD basket, which kills off my assumption that this move was a just a dollar trade. Volume is down and so is open interest meaning the technical continues to show warning signals that this upside move could reverse soon. Price action is bullish but the technical is still not considered a buy. If we rally higher on rising volume and open interest then I would support the bull move, but right now from a technical perspective I can't. I was told by a source today that oil has done this before, drifted up on no volume then suddenly volume and OI spike and off it runs. If it does, I'll wipe the egg of my face and call it a buy, until then I am neutral on this rally. Unlikely to happen this late into the session, but if we close below the USD 75.00 level it would suggest that momentum is weakening based on price.

Have a nice Weekend

Ed Hutton