

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	#N/A N/A	40500	#VALUE!	Pmx 1 month forward	#N/A N/A	34125	#VALUE!
Cape Q4 21	#N/A N/A	35625	#VALUE!	Pmx Q4 21	#N/A N/A	32025	#VALUE!
Cape Cal 22	#N/A N/A	24087.5	#VALUE!	Pmx Cal 22	#N/A N/A	20375	#VALUE!

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	#N/A N/A	36375	#VALUE!	Brent	73.28	73.06	-0.3%
Smx Q4 21	#N/A N/A	34725	#VALUE!	WTI	69.12	68.98	-0.2%
Smx Cal 22	#N/A N/A	20575	#VALUE!	Iron ore	156.7	150.95	-3.7%

## Iron Ore

The futures remain in a bear trend with the rolling front contract posting its second consecutive monthly low close for the first time since June 2020. This was only by 0.09 cents, for the last real lower low we must look back to May 2018. With the Sep futures having traded to a low of USD 129.41, 45% off its high it begs the question, Have the Chinese Government achieved their goal and broken the Elliott wave super cycle? The daily technical looks to have missed a bull wave between May and July (China 1—Elliott 0) whilst the weekly technical has now produced a deep pullback meaning the wave 4 on the higher timeframe has potentially neutralized the market (China 2—Elliott 0). However, if we move lower but find support around the USD 109.49 level then you will have a potential bull Gartley pattern in play. It might not be enough for an Elliott hat-trick, but it could result in Elliott putting one in the back of the net and a rally up to the USD 185.00 area. Right now, the USD 129 level looks vulnerable based on the daily price action, with the current intraday corrective cycle targeting the USD 110.02 level, suggesting further weakness followed by a bull Gartley.

## Copper

Copper is rallying alongside the rest of the base complex with the futures up USD 120 to USD 9,530, going into the E.U close. Key resistance is unchanged at USD 9,620, price action above this level would create a higher high and support a bull argument. In the near-term the technical is warning it needs to see a pullback soon; however, if we reference the last technical in late July early August, we noted the upside move at the time looked to be a wave-B of a corrective wave 4. Price has since made a new low, if we trade above the USD 9,620 level it would imply, we could be in the early stages of a bullish wave 5.

## Capesize

Not a great day for the cape complex with the market entering a corrective phase on the bearish roll, resulting in technical sellers across the board. The RSI pullback below 75 on the index would suggest the 55-period MA (USD 35,520) could be tested, the front month futures are already at a USD 9,000 discount suggesting this is move 70% priced in already. For more information on the technical please follow the link **Capesize Technical Report (RSI moves below 75, warning the 55 period MA could be tested) 31/08/21** <https://fisapp.com/wp-content/uploads/2021/08/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-31-08-21.pdf>

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## Panamax

The index has entered a corrective phase with a close at USD 32,692 (down USD 842). The futures opened higher on the back of the October trading at a premium to the September, however the negative sentiment in the Capes and uncertainty regarding hurricane Ida resulted in the rolling front month closing USD 675 lower at USD 34,125. The October contract itself is down USD 2,125, halving the premium between the futures and the index as we are now pricing in. The longer-term daily EMA's remains well spaced indicating the daily trend is still considered as stable, however if we trade below USD 31,625 then we could be seeing a more major market correction. USD 34,650 is tomorrow's pivot, intraday moves that close above this level would warn that the technical is starting to firm (it will need RSI support), if for some reason we open above this level expect market shorts to cover.

## Supramax

A rebalance in the Supramax today created by negative sentiment in the sector and the roll into the October contract. The October futures are down USD 2,925 to USD 36,375 (rolling contract -USD 3,175) as the futures move from premium to discount with the index. A very bearish close has resulted in the futures trading below the low of the previous two weeks, in theory, a massive bear signal. However, this is day two of the week, the downside move has created a considerable volatility expansion (5-period daily ATR 783 > 1580 in one day). This is not suggesting the market is a buy, but it is warning that the market might need to take time out, breath and slow down. A big bearish close yes but expect the market to slow down on the back of the volatility expansion.

## Oil

Brent is starting to look like the comeback kid having produced two 3-wave corrective patterns before breaking fractal resistance at USD 71.90. hurricane Ida is keeping the market supported as damage is assessed but momentum is slowing to the upside, the technical is warning we might see a corrective pullback, but the new high means we are in bull territory now. If we close below USD 72.21, we could see a pullback to USD 69.78, as market longs look to reduce risk in the hope of extracting value at a lower level. The fractal is bullish, but the trend needs to produce more the EMA's to stabilize, on the weekly chart we are looking stable on the EMA's supported by a bullish engulfing candle. Brent looks ok but might need to come off a little to go up.

Have a nice Evening

Ed Hutton