

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	40500	40250	-0.6%	Pmx 1 month forward	34125	33800	-1.0%
Cape Q4 21	35625	35291.5	-0.9%	Pmx Q4 21	32025	32375	1.1%
Cape Cal 22	24087.5	23687.5	-1.7%	Pmx Cal 22	20375	20725	1.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	36375	36125	-0.7%	Brent	72.96	71.39	-2.2%
Smx Q4 21	34725	34625	-0.3%	WTI	68.51	68.4	-0.2%
Smx Cal 22	20575	20600	0.1%	Iron ore	150.95	140.6	-6.9%

Data Source FIS and Bloomberg

Iron Ore

As noted yesterday the Sep futures looked vulnerable to further downside moves based on the daily price action with USD 129.00 being the near-term target, intraday wave analysis is warning we could trade as low as USD 110.00, opening the possibility of a potential bullish Gartley pattern. Price moved lower overnight to close 6.9% lower at USD 140.60 with the futures seeing a little short covering in the night session, to close out at USD 143.00. Technically bearish with market sellers potentially looking to test the USD 129.00 support in the coming days.

Copper

We noted yesterday that there were warning signals in the copper futures that suggested we had the potential to see a technical pullback in the near-term. Price opened unchanged but sold off in the overnight session, the E.U. open offered little respite with the futures trading to a low of USD 9,275 before closing the U. K session USD 163.5.00 lower at USD 9,357. Workers at Codelco have accepted the wage proposal which will have been a factor in the move, however the momentum slowdown suggests there is a technical play here as well. Leaving us to maintain our view that we look to be in the early stages of a bullish wave 5.

Capesize

The technical yesterday warned that the index could be in trouble, and this is looking to be the case. Down another USD 2,102 today to USD 46,987, this would suggest that our analytical view that the 55 period MA could come under pressure is looking like it might be the correct call. However, as noted yesterday the futures are ahead of the game and have already priced in 70% of the move, resulting in price action being subdued today with the October futures closing USD 250 lower at USD 40,250. Price is holding above the 60 period EMA (USD 39,402) with the longer-term averages well-spaced, the 21 period RSI is at 48 (near neutral) whilst the 2 period RSI is at 6.4. If price is going to produce a bull move then now is the time, price is supported, momentum is in the right area and tomorrow's pivot point is going to be at USD 40,416. An open tomorrow above this level could trigger some short covering in the market, as would a slowdown in the index. Technically corrective, we are now in a key area, if bulls do not support the market here then the USD 38,435 support will be tested.

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Panamax

A false start for the October Panamax with price trading up above the USD 34,650 daily pivot on the open. However, the futures failed to hold above pivot on the 4-hour candle, resulting in the futures trading lower on the back of a weakening index. Down USD 674 today to USD 32,018, the October is now trading at a USD 1,625 premium, further weakening on the index tomorrow has the potential to be met pound for pound by the futures. Saying that, the longer-term EMA's (30—60) look stable with price now entering the support band, the RSI is neutral at 50 and the 2 period RSI is at 10, looking at the market purely from a technical perspective, it's not a sell. The physical might be telling a different story, but price is on support making it a dangerous place for a fresh short.

Supramax

We noted yesterday that the volatility expansion yesterday warned that the market might want to take a bit of time out today, and this has been the case. The October contract is negative but only by USD 250, the futures moved to a discount yesterday and this seems to have been the correct play, as the index is down USD 475 to USD 37,771. Of all the Elliott wave counts this is the one that asks the most questions, I could be wrong, but it does look like we could be about to complete the extended wave 3 and enter a corrective wave 4. However, USD 34,003 is a key support, if we go below this level then the probability of this being a more major correction will increase, if we hold, then I guess we look for bull signals and further extensions. Not convinced on this one, it needs the technical to lead rather than me guess. Tomorrow's pivot point will be USD 36,091 so it could make for an interesting open.

Oil

Yesterday we noted that price might need to come off a little to go up. The futures roll has done most of the work, pushing price below the USD 72.21 level. However, the USD 69.378 level has not been tested as the short-term MA value jumped to USD 73.23, with price holding just above this level at USD 70.42. OPEC have agreed to stick to planned supply hikes due to an increase in oil demand (Bloomberg). Price is holding and demand is recovering, supporting the higher high and a bullish trend. COVID and its many variants will ensure there is no over-speculation and parabolic moves for now. If we go up it is likely to be on lower true range levels, rather than the bonkers volatility that we have been seeing in Iron ore.

Have a nice Evening

Ed Hutton