

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	36875	38125	3.4%	Pmx 1 month forward	31125	32875	5.6%
Cape Q4 21	33375	34141.5	2.3%	Pmx Q4 21	30750	31650	2.9%
Cape Cal 22	23550	23675	0.5%	Pmx Cal 22	20175	20600	2.1%

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Smx 1 month forward	35000	35375	1.1%	Brent	72.1	71.65	-0.6%
Smx Q4 21	33800	33900	0.3%	WTI	69.1	68.21	-1.3%
Smx Cal 22	20250	20575	1.6%	Iron ore	133.2	147.3	10.6%

Data Source FIS and Bloomberg

## Iron Ore

Iron ore imports in August were up 10.1% from July with stockpiles continuing to increase, inventories are now at 131 million tons. According to analysts at Sinosteel futures there have been no large-scale production suspension or restrictions despite China’s steel output controls to curb steel emissions, demand for iron ore has not significantly dropped. Premium coking coal has been an issue in China since the introduction of an import ban with Australia. With 60% of seaborne trade coming from Australia, China has had to pay a premium for lower grade metallurgical coal. The environmental impact of the lower grade coal as led to speculation that Chinese blast furnaces will use less coke, meaning a higher-grade fine will need to be used. Market speculation led to some short covering today with prices closing USD 6.00 higher in the October contract, at USD 136.75. Price has opened above the USD 135.00 daily pivot point indicating market momentum could be changing towards the buy-side, however price will need to close 137.44 for it to signal buy-side momentum is improving based on price. The trend it still bearish and will remain so below USD 161.75.

## Copper

As noted here and on the morning technical the futures remain in a range between USD 9,526—USD 9,275. We have also noted that the futures are vulnerable to a test to the downside based on a neutral RSI and an overbought stochastic. Price is moving lower but remains above the USD 9,275 support level, if broken we target USD 9,231, USD 9,137, and USD 9,010. Corrective moves that hold at or above tertiary support remain in bullish, below this level the technical is considered as neutral.

## Capesize

Yesterday’s downside moves were created by uncertainty in Guinea, with particular focus on the bauxite trade. However, the index had signaled last week that it is targeting the 55 period MA at USD 36,660 based on the RSI move below 75. The index was USD 2,245 lower today at USD 42,220 as we continue to see consistent downside moves. The October futures however traded below our near-term index target yesterday, resulting in an upside move today. Warning signs appeared yesterday with the RSI on support, however it was the open that contained the move, price moved above daily pivot point then held around the USD 38,000 level for the bulk of the day. The technical is not considered as bullish at this point but price is above today’s pivot point, with tomorrows at USD 37,916. If price closes above the USD 39,750 level tomorrow we could see some short covering in the market, if it does not, it will remain vulnerable.

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## Panamax

The index continues to weaken (USD—427 at USD 30,132) but this is not reflected in the paper, which is up USD 1,750 on the day, to close at USD 32,875. We noted yesterday that the secondary trend support and fractal support had been broken warning we have the potential for further weakness, if the RSI support is broken then we will target the primary trend support. The RSI has held with price producing a bullish Harami, this will need confirmation of a close above the USD 32,875 level tomorrow to signal upside continuation. A slowdown in the index could be enough for market shorts that have not covered to exit the market. The Elliott wave count is missing a wave, that daily EMA's (30—60) are compressed but price is warning we could push higher once again.

## Supramax

Like the rest of the freight complex the indexes remain weak with price USD 408 lower at USD 35,817. For the paper it was a similar story, although maybe not as bullish, the October contract has closed USD 375 higher at USD 35,375 to produce a n inside day candle pattern. Technically this is a neutral pattern with the next move defined by a breakout from the range on the 06/09/21 (USD 36,250—USD 34,250), however both the cape and Panamax have bullish Harami patterns in play which would suggest that it could be to the upside.

## Oil

There is not much to say about oil today, the futures are lower by 60 cents on the back of a stronger USD basket. We maintain our view that the trend is bullish, but the futures need a technical pullback before the next move up.

Have a nice Evening

Ed Hutton

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