

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	38500	42750	11.0%	Pmx 1 month forward	34250	35125	2.6%
Cape Q4 21	34958.5	37791.5	8.1%	Pmx Q4 21	32875	33662.5	2.4%
Cape Cal 22	23987.5	24700	3.0%	Pmx Cal 22	21150	21825	3.2%

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Smx 1 month forward	35750	37375	4.5%	Brent	72.66	71.39	-1.7%
Smx Q4 21	34950	36125	3.4%	WTI	69.39	68.07	-1.9%
Smx Cal 22	20875	21525	3.1%	Iron ore	131.95	129.65	-1.7%

Data Source FIS and Bloomberg

Iron Ore

As noted yesterday momentum in the futures remained bearish, resulting in the futures trading to a new low of USD 127.35. the RSI is now showing a positive divergence with price, not a buy signal it does warn that we have the potential for a momentum slowdown. A close above the USD 132.82 level would indicate momentum is improving based on price, suggesting the USD 139.19 level could be tested. Near-term support is at USD 124.50 and USD 121.75. In the news Vale has reduced its iron ore estimate to 370m Mt by the end of 2020, down from 400 million (Bloomberg).

Copper

Both cable and copper have had a good day today which would leave me to think that the upside moves are driven purely by a weakening USD basket. Chinese factory gate inflation is at 13 years high whilst U.S. consumer prices are expected to rise more than 5% for a third straight month (Bloomberg). The base sector is seeing a broad rally that is creating an inflationary environment with Ali and Nickel hitting new highs. However, for copper it is not such an exciting story, a lead indicator for economic growth that is flat lining, we have this cycle as bullish and expect a wave 5 and new highs. The one metal that I would have put my money on is not moving, I'm still bullish but it feels like we are more sensitive to 4-month dollar rally than other markets.

Capesize

The worm is turning the index with prices USD 633 higher at USD 41,151, we need to see price above USD 43,512 for buy-side momentum to be seen as improving. The October futures are pushing and have gone from discount to premium in the last 4-days. The futures had produced a deep pullback taking the technical into neutral territory, but price has held above USD 33,250, meaning the technical held a bullish fractal footprint. The move today is over USD 4,000 which has seen price make a new high, the technical is considered as bullish once again, the futures will now target the USD 46,500 level as that will close the bearish gap that formed on the futures roll. A close tomorrow below USD 39,291 would indicate that momentum is weakening based on price and suggest the futures could enter a corrective phase.

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Panamax

A mixed technical for Panamax, the October made a lower low but has rallied hard, it is now neutral, the Q4 is bullish but below trend support. For the Cal 22 we are bullish but have a divergence in play that is a concern. For more information, please follow the link. Panamax Technical Report (Cal 22 Divergence Concerns) <https://fisapp.com/wp-content/uploads/2021/09/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-09-09-21.pdf>

Supramax

The index is down again by USD 359 to USD 34,966, it needs to hold above the USD 33,144 level otherwise the technical will become neutral. On the paper it looks like the October futures are on a bullish wave 5 of this phase with price holding key moving averages, this would suggest the futures are targeting the USD 40,075 high in the near-term. If we do move lower and close below USD 35,841 tomorrow it will signal that momentum is bearish based on price and warn the USD 34,250 support could be tested.

Oil

The futures looked like they were going to ignore the need for a technical pullback and continue to push higher. However, for every bull there is a bear, except this bear is Chinese, correction, this bear is China. (Bloomberg) --

China made an unprecedented intervention in the global oil market, releasing crude from its strategic reserve for the first time with the explicit aim of lowering prices.

The announcement comes amid surging energy costs in China, not just for oil but also for coal and natural gas, and electricity shortages in some provinces that have forced some factories to cut production. Inflation is rapidly rising too, a political headache for Beijing.

In a late statement on Thursday, the National Food and Strategic Reserves Administration said the country had tapped its giant oil reserves to "to ease the pressure of rising raw material prices." It didn't offer further details, but people familiar with the matter said the statement referred to millions of barrels the government offered in mid-July.

The Chinese stockpiling agency also said a "normalized" rotation of crude oil in the state reserves is "an important way for the reserves to play its role in balancing the market", indicating that it may continue to release barrels. The agency said that putting national reserve crude oil on the market through open auctions "will better stabilize domestic market supply and demand".

(FIS)

From a technical perspective the futures remain bullish above USD 67.91, Although less influential than the iron ore market the intervention has pushed the futures down USD 1.32 (as of 18.30 GMT) to USD 71.26. Will it be successful? It is too early to tell but it is probably best to keep an eye on the open interest as that will give us a clue if the market is going risk off.

Have a nice Evening

Ed Hutton