

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	42750	46875	9.6%	Pmx 1 month forward	33750	36000	6.7%
Cape Q4 21	36875	39458.5	7.0%	Pmx Q4 21	33025	34950	5.8%
Cape Cal 22	24625	25025	1.6%	Pmx Cal 22	22100	22550	2.0%

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Smx 1 month forward	36750	38250	4.1%	Brent	74.25	74.23	0.0%
Smx Q4 21	35400	36850	4.1%	WTI	70.48	70.45	0.0%
Smx Cal 22	22525	23075	2.4%	Iron ore	111.9	116.4	4.0%

Data Source FIS and Bloomberg

Iron Ore

An already bearish trend weakened further overnight on the back of concerns spreading over the extent of the construction crackdown, alongside the problems at the Evergrande group. For the government it is now in a bit of a quandary, if they step in and support Evergrande and its 300 billion of debt, it is against the many months of rhetoric we have been seeing as it tries to cool of the construction market. However, if they do not step in, then 106 million homes that have been bought of plan will not be built. This also brings into question the FOMC this week, the expectations of a hawkish meeting and a reduction in tapering may instead be a neutral affair of watch and wait. For the October contract it will be a volatile session tomorrow as the Chinese exchange re-opens after a holiday. Bearish, all eyes on Evergrande and their debt repayment this week.

Copper

Copper continues to come under pressure due to the increasing concerns that Evergrande will need to see a dept restructuring. This is putting the metals market under pressure as investors look to monitor the fall out in the broader real estate sector and the financial market in general. The downside move looks to have been bigger in copper compared to the rest of the sector, with the futures down USD 183.5 at USD 8,848 coming into the E.U. close. Previously we have had this corrective move as potentially being in the early stages of a bullish wave-5, however after recent events the futures look to be still in a corrective wave 4, if we trade below USD 8,740 then this corrective wave is likely to become a complex wave-4. USD 7,791 is the level, downside moves are going to need to hold this level, otherwise the longer-term technical and bull trend will be considered as neutral.

Capesize

Like a phoenix from the ashes, the open set the tone resulting in price holding near its highs all day, West Aussie minors were busy from the open resulting in higher fixtures in the C5. For more information on the technical please follow the link. Capesize Technical Report 21/09/21 <https://fisapp.com/wp-content/uploads/2021/09/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-21-09-21.pdf>

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Panamax

The downside move in the futures on the back of a broader sell off in the commodity market due to the Evergrande saga, resulted in the futures creating a lower low in the market. From a technical perspective this took us into bearish territory; however, the open today was USD 1,000 above yesterdays close with the futures up over USD 2,575 to USD 36,325. If we trade above the USD 36,625 level the technical will be back in bull territory, suggesting the USD 37,500 high could be tested. From an intraday Elliott wave perspective, I must be honest, the cycle is a little messy. In theory we had been looking for new highs and blue skies, something that may still happen on the back of the Capesize strength; however, on the intraday technical, it could be lots of little cycles are going to form a bigger cycle, because at this point it is not making that much sense. Longer-term EMA's do remain stable with the RSI bouncing off the 50-level, for now it does look like the latest bull wave that started on the 06/09/21 is going to push higher. I'm just not able to fit the wave count on it!

Supramax

If nothing else yesterday's downside move created a rebalance in the futures v index spread to around USD 1,400, which is more than manageable. The October futures are now at USD 38,025 having posted a bit of a recovery today, the index move is less aggressive at only USD 85.00 higher at USD 36,599. However, price remains in trend for both, suggesting we could still see a print above the USD 40,075 high in the rolling front month contract. Market bulls will be pleased to see the futures held above the USD 36,052 support, below this level the technical would be considered as neutral. Bullish and hanging in there.

Oil

In commodities there are only two subjects on the wire, Evergrande, and rising energy costs. Admittedly it is the cost of Gas that has been in focus, but one would have expected the black gold to have it at least traded up to our USD 76.93 target by now. The issue has been the rising greenback on the back of the FOMC meeting this week, an expectation of a more hawkish meeting regarding tapering, has resulted in the USD basket moving higher, putting pressure on oil. However, Evergrande is now a factor in oil prices as it opens up the possibility to a less hawkish, wait and see approach. Oil is holding the range support at this point, and we maintain our upside target at USD 73.69, we just might need a bit of FOMC magic dust to get there!

Have a nice Evening

Ed Hutton