

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	60750	61125	0.6%	Pmx 1 month forward	38000	36250	-4.6%
Cape Q4 21	51100	50083.5	-2.0%	Pmx Q4 21	36925	35675	-3.4%
Cape Cal 22	27175	26500	-2.5%	Pmx Cal 22	22950	22475	-2.1%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	38500	37875	-1.6%	Brent	78.22	78.7	0.6%
Smx Q4 21	37450	37250	-0.5%	WTI	74.33	75	0.9%
Smx Cal 22	23125	22825	-1.3%	Iron ore	112.85	115.65	2.5%

Iron Ore

Data Source FIS and Bloomberg

Steel remains in a holding pattern within a bullish trend, margins are now at RMB 1,000 supporting the steel trend. For iron ore the trend remains bearish as we have not made a higher high, price remains vulnerable below USD 138,77 in the October futures. Our Elliott wave analysis would also suggest the current upside moves is countertrend; however, the near-term price action is signaling that momentum is improving, the current upside move is longer in time than the previous upside move. The DCE futures have closed the evening session RMB 40 higher, more importantly we are seeing a potential channel break in the futures, price has opened outside of the resistance creating a bullish sentiment move. All the above lend to a short-term upside move; price however has not made a higher high and the Chinese Government have not changed their stance on relaxing curbs. The offshore October futures should start seeing technical sellers enter the market between the USD 127 - USD 138 area. My interpretation of this move remains unchanged, it looks to me like a wave 4 of wave C.

## Copper

From a technical perspective little has changed in the futures. Price is still between the averages with the futures nearing the USD 9,115, 200-period MA support. This is going to be the third time testing this MA in recent weeks making this a key area of interest, as the two different MAs are effectively telling us there is a symmetrical triangle (coil) in play. The is a neutral pattern with the directive coming from a breakout. We still lean to the buyside based on the wave count, but the symmetrical pattern should tell us soon enough.

## Capesize

This is a mixed one today as the index is another USD 5,773 higher at USD 74,786, but the October futures are up only USD 500 at USD 61,250. That is a very confused message, we are bullish this longer-term trend but believe that a 52% move (USD 22,250) in the October futures over 7 trading sessions is unsustainable. The morning report highlighted the parabolic trend, which looks like it could have been broken on the intraday 4-hour chart, in theory the daily candle is going to open the wrong side of the trend support tomorrow. We also highlighted the ATR was in an area associated with consolidations or corrections. Price traded to a high of USD 64,875 in the morning session but is closing the day at USD 61,250, the close might be higher, but the daily candle is bearish. All eyes on the parabolic trend on the open!

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## Panamax

Yesterday the Panamax made a new high, the upside move was driven purely by the Capesize sentiment. For FIS research it signaled that the Elliott wave cycle/phase could now complete. We had concerns over the disparity gap between the October and the index, as this was over USD 3,000, whilst the index itself was up only up 91. Reality set in on the E.U open, paper sellers, unconvinced that the Panamax had the same sentiment or support as the Capesize entered the market. They were proved correct, the futures sold off USD 1,875 to close the day at USD 36,125, meaning price has given up the bulk of yesterday gains. It is not a bearish engulfing pattern, more a dark cloud cover, either way it is not bullish and would suggest we could see the October coming under further pressure in the morning.

## Supramax

The Supramax did not make the same mistake as the Panamax yesterday and therefore had less to give back today. The futures opened the day on their highs and immediately came under pressure to close the day USD 625 lower. The index continues to hold in bull territory with price at USD 37,169 (up USD 67 today), the disparity gap is now around USD 700, if the index holds then paper should hold with it. From a technical perspective this trend is bullish but continues to look vulnerable. From a very short-term perspective the RSI at 52 is nearing the 50-support level with faster moving front end momentum indicators likely to become oversold tomorrow, both of which could attract some buying support.

## Oil

As noted on the technical report yesterday the intraday wave analysis had suggested that we were about to see a technical pullback. The Brent contract moved USD 2.00 lower to USD 77.50, breaking the first of our support levels. Price has since moved higher having held the 4-hour 34-period EMA support. If this upside move fails to trade above USD 79.64 then the technical has the potential to test the USD 77.50 support again, above this level would warn the USD 80.75 high could be tested and broken.

Have a nice Evening

Ed Hutton