

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	51500	53750	4.4%	Pmx 1 month forward	37375	37200	-0.5%
Cape Q4 21	52625	55000	4.5%	Pmx Q4 21	36350	36150	-0.6%
Cape Cal 22	26525	26800	1.0%	Pmx Cal 22	22850	22900	0.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	38500	38250	-0.6%	Brent	79.24	81.75	3.2%
Smx Q4 21	37350	37375	0.1%	WTI	75.74	78.16	3.2%
Smx Cal 22	22875	22875	0.0%	Iron ore	116.05	116.75	0.6%

Data Source FIS and Bloomberg

## Iron Ore

DCE closed for Chinese Holidays, Friday's price manipulation clearly failed as we are now at USD 116.65, USD 9.00 from the close on Friday.

## Copper

Having rallied on the positive divergence on Friday, price is now above the daily 200-period MA. The upside move is deep into the last bear wave; however, the futures have tested but failed to close above the intraday 4-hour MA (USD 9,328) keeping the technical in a neutral phase.

## Capesize

The index continues to push higher (USD + 1,845 to USD 77,035). We noted on Friday's report that the secure energy at all costs directive from China meant that the pullback in the futures was not deep enough to be a wave 4, whilst a 34-minute Elliott wave cycle gave us a near-term upside target at USD 72,250. The October contract is moving higher, market shorts are having to cover as the average in the index is now pricing in. Price is up USD 3,525 to USD 68,250 but still USD 9k below the index. If the physical pushes for another couple of days market shorts will have to look for further cover as the probability of our USD 72,250 target being surpassed will increase. Technically bullish and in trend, downside moves in the physical should be considered as countertrend.

## Panamax

The index came in USD 281 lower today at USD 34,312 meaning momentum is considered as bearish based on price. The October futures mirrored the loss with price down USD 250 at USD 36,200. The futures remain at a premium of around USD 2,000 in part driven by the cape strength, the ratio is now at 2.2451 which is starting to look overstretched. Historically the futures struggle to hold above this level for more than 11–14 days, indicating that either the capes will need to correct or the Panamax rally. Either way, until there is a change in sentiment in the capsize index the Panamax longs are going to hang in there, just in case they are the leg that moves.

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## Supramax

The index is down, but not out. A close below USD 37,155 is need for momentum to be seen weakening based on price, as we stand the index is USD 20 lower at USD 37,192. For the October futures the weakening index has resulted in some existing longs exiting the market, China is off for the week and upon return price will be about 5 days from averaging in quite heavily. The technical remains neutral bullish, however upside moves from here are likely to come from the November contract.

## Oil

We noted on Friday that volumes were high with our insight based on wave analysis implying there was some market accumulation going on. We appear to have been correct as the futures are up USD 2.41 to USD 81.69. The driver is obviously coming from the high natural gas prices with Goldman's seeing an extra 650,000 bd of crude demand later this year (Bloomberg). Oil had been lagging the rest of the energy sector, Friday was the first sign we could be about to see a squeeze based on the volume spikes. A classic move that was reminiscent of the tape readers back in the 1920's and 30's. Technically bullish, as previously stated we believe this movie has legs.

Have a nice Evening

Ed Hutton