WET FFAs IRON ORE METALS AIR FREIGHT COAL



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	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Cape 1 month forward	49750	53000	6.5%	Pmx 1 month forward	38925	39925	2.6%
Cape Q4 21	51550	54687.5	6.1%	Pmx Q4 21	37450	38100	1.7%
Cape Cal 22	28687.5	28750	0.2%	Pmx Cal 22	25750	26025	1.1%

	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Smx 1 month forward	41500	41375	-0.3%	Brent	84.15	85.21	1.3%
Smx Q4 21	39950	40300	0.9%	WTI	82.29	83.49	9 1.5%
Smx Cal 22	25675	25850	0.7%	Iron ore	122.9	123.4	0.4%
Data Source FIS and Blo						Bloomberg	

Iron Ore

Iron ore remains stable. The longer-term trend is bearish but based on the last 5 days of price action it is firmly in a consolidation phase. China's crude steel output hits 33-month low as power rationing bites amid sluggish demand. China's daily steel output in September dropped to the lowest level seen since January 2019, as power rationing dented steel production in at least 12 provinces amid sluggish demand from real estate and manufacturing sectors. Market sources expect steel output to stay low through the final quarter 2021 and first quarter of 2022, with pig iron and crude steel production in 2021 almost certain to fall below 2020 levels for the first time since 2016. (Platts—Bloomberg). It makes for a hard bull argument based on this argument; however, the market did not react as it is awaiting Vale SA's third quarter production report. If it is a miss the market will stay supported, if it is in line it could come under pressure. For the Nov futures the afternoon session saw price open at USD 122.5 bid, we moved higher briefly to USD 125.00, before finishing around the USD 123.00 range. Neutral as neutral can be!

Copper

As noted on the morning report the futures looked vulnerable to a technical pullback on a new high Price however only traded to a high of USD 10,402.5, just 50 cents above our resistance level, before correcting. The longer-term trend remains bullish with headlines on Bloomberg stating, 'The London copper market remains in a historic squeeze, as a critical shortfall in available inventories drives prices to near-record levels and leaves buyers paying huge premiums for spot metal'. From a technical perspective we still see a bull trend, it may need to enter a corrective phase soon but continues to look stable. We have intraday support between USD 10,001—USD 9,879, however this trend remains bullish above USD 9,735 and neutral/bullish below.

Capes

The volatility breakout yesterday, has as highlighted been followed by higher pricing today. For more information on the technical please follow the link. Capesize Technical Report (Are Resistance Levels About To Be Tested?) https://fisapp.com/wpcontent/uploads/2021/10/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-19-10-21.pdf

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Panamax

As noted yesterday the average true range spike has resulted in further upside pricing today. The November futures are up USD 950 to USD 39,875, meaning our daily resistance at USD 40,280 has not been tested. The driver has been the index, which is seeing a moment upturn, price is USD 676 higher to USD 36,158. Our wave analysis had suggested price will make a new high and this remains our view. Tomorrows pivot point is at USD 39,558, if we hold above it, we should see upside continuation, however if we open below this level then be prepared for technical sellers to enter the market and look to exploit a weak open.

Supramax

The disparity between the index and the paper is around USD 850. Both trends are bullish but showing signs of a momentum slowdown based on price. The index is USD 158 higher at USD 39,705 but trading at a discount to the paper, for this reason the November futures are only USD 50 higher at USD 41,550. If we open at these levels tomorrow, price is going to be on the daily pivot point making for an interesting open. At this rate it will be a case of who blinks first! Technically bullish, the trend is stable but is going to need to see support from the index, otherwise this disparity could stay narrow.

Oil

We noted on the morning technical to be cautious on the upside moves as the futures had made a lower low on the 1-hour chart. Price failed to trade above the USD 85.28 resistance resulting in a sell off to USD 83.70. The afternoon session has resulted in an upside rally with price nearing the day's highs, if we do get a late push in the U.S., we could see the near-term resistance broken. However, our intraday resistance is between USD 85.59—USD 86.55 and looks safe for now. In the news we are seeing that the revival in energy has brought the bankers back to the market, who are gradually offering more credit to U.S. shale oil and natural gas producers as the industry recovers from last year's contraction and energy prices rally (Bloomberg). Resistance levels might not be tested today, but we are seeing a strong rejection of the 200-period 1-hour MA on high volume, suggesting we could test the highs tomorrow.

Have a nice Evening

Ed Hutton

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