

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	25750	29625	15.0%	Pmx 1 month forward	19625	21750	10.8%
Cape Q122	15475	18250	17.9%	Pmx Q1 22	18250	20500	12.3%
Cape Cal 22	20225	22150	9.5%	Pmx Cal 22	17350	19175	10.5%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	23250	24425	5.1%	Brent	81.05	78.84	-2.7%
Smx Q1 22	19750	21250	7.6%	WTI	78.87	76.35	-3.2%
Smx Cal 22	18400	19475	5.8%	Iron ore	86.3	90.45	4.8%

Data Source FIS and Bloomberg

Iron Ore

Yesterday we noted that the downside moves had the potential to produce a negative divergence whilst margins at mill had started to move higher, warning that downside moves could be limited. Technically bearish to neutral due to the sideways action in the futures, price has started to move higher today with the Dec futures closing out the week around the USD 92.00 level. We have a near-term resistance zone between USD 93.00-USD 94.00, which if broken would suggest the technical condition is improving.

Copper

The upside move in copper held yesterday but did not enter bullish territory based on price. It did however produce a bullish piercing line pattern that closed above the pivot level, indicating we did have the possibility for upside continuation. The futures are now at USD 9,629 going into the close, if we hold above the USD 9,487 then momentum is seen to be improving based on price. From a weekly perspective the longer-term EMA's remain stable and well-spaced supporting a longer-term bull trend, implying there is the potential for further upside to come.

Capes

Another bullish index today with price up USD 2,905 to USD 29,938, meaning momentum is now aligned to the buy-side on the index. Big moves in the futures with the Dec contract USD 3,875 higher at USD 29,625, the divergence earlier in the week had warned that we could see higher pricing with Wednesday's candle signaling the start of the move. A strong weekly close has resulted in a bullish engulfing (outside day) candle pattern that has closed above a short-term moving average. The weekly trend is below the longer-term EMA's (30-60), however the close above the shorter-period average suggests we should have further tests to the upside next week. Monday's daily pivot point is at USD 28,458, if we open below that level then be cautious as something in the physical will have changed.

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Panamax

If anyone was in any doubt, it is the tail that wags the dog based on the upside move in the Dec futures today. Last night and this morning momentum had looked vulnerable to further tests to the downside with price testing our volatility range resistance, this suggested that the intraday move had potentially over cooked itself on the open. However, our range resistance levels were broken with the futures closing on their highs, unbelievably momentum is still vulnerable to the downside, as the 4-hour intraday RSI has closed the day at 48 with the stochastic still in overbought territory. The one difference we are seeing in the market is the index, down over USD 1,200 yesterday but only USD 490 today, suggesting charterers have taken the bait on the back of the rising futures and returned to the physical market. Longer-term moving averages on the intraday have started to flatten but have not compressed, yet. The weekly candle is however a good old fashioned bullish rejection candle, we had the divergence earlier in the week warning downside momentum was slowing but it now looks like we could be transitioning to the buy side faster than expected. Key point to watch on Monday will be the 21-period RSI, if that goes above 50 then the momentum dynamics will support a buy side move regardless of the stochastic.

Supramax

The index has not yet turned but the futures have followed the rest of the sector higher with the Dec contract closing the day up USD 1,175, more importantly we have another bullish rejection candle on the weekly chart warning of the potential for further upside pricing next week. It is worth noting that downside moves in both the PMX and SMX sectors that trade below the low of the weekly rejection candle is classed as a straight technical sell (Larry Williams). Upside moves next week above the USD 27,250 level will create a higher high and warn the USD 31,500 area could be tested.

Oil

Yesterday we saw a good defense of the investor trend support. However, with Austria making the vaccine jab mandatory and Germany warning that it needs to vaccinate 30 million by Christmas, the surge in COVID levels is creating nervousness for the market. This is at a time that both China and America are considering releasing their strategic petroleum reserves, it has been all too much for the market, resulting in the futures heading lower. Will this be a rout, based on the global economy, unlikely; if anything, it will allow the world's two largest economy to take their foot off the peddle and let the market decide whether they want to take them on. It didn't work out well for market bulls in the iron ore market so it will be important to listen to the rhetoric on upside moves. If they go silent, we still have the potential to go up.

Have a nice weekend

Ed Hutton