

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	27000	28750	6.5%	Pmx 1 month forward	23500	22625	-3.7%
Cape Q122	16741.5	16750	0.1%	Pmx Q1 22	21550	20875	-3.1%
Cape Cal 22	21325	21075	-1.2%	Pmx Cal 22	19675	19225	-2.3%

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Smx 1 month forward	26500	25750	-2.8%	Brent	82.25	73.33	-10.8%
Smx Q1 22	22700	21750	-4.2%	WTI	78.32	68.77	-12.2%
Smx Cal 22	20150	19375	-3.8%	Iron ore	100.5	95.5	-5.0%

Data Source FIS and Bloomberg

Iron Ore

Iron ore sold off overnight alongside base and oil on the back of a new virus strain. The Dec contract is 10.3% lower in the last two session, initially on the back of economic growth fears. However, the SA variant seems to transmit at a more aggressive pace than that of the Beta and Delta variants. Understandably the market has gone risk off, resulting in the futures trading to a low of USD 95.05, before closing the week out at USD 96.70. Rebar came under pressure alongside the iron ore leaving margins unchanged, all eyes will now be on the WHO to see if they categorises the variant as one of concern.

Copper

The tone was set overnight regarding copper alongside the rest of the base complex. Price opened below the daily pivot point with the futures closing the E.U session down 3%. The concern that the new variant could disrupt global growth has resulted in the Dow moving 1,000 points lower with oil down around 8 bucks. There is not much technically that we can add other than wait and see how far the new variant has travelled.

Capes

It would appear yesterday's sell off was linked to the U.S holiday as the futures opened this morning above the USD 27,333 pivot point, with price trading closing out the week at USD 28,750. In theory, the futures have held above the longer-period EMA's, the RSI is above 50 and the stochastic has moved above the 30 level. From a technical perspective this would suggest the futures could be about to enter back into bullish territory with a near-term target of USD 32,250. The fact that the futures have rallied USD 1,750 on a day we have seen a commodity sell off would support underlying strength in the market.

Panamax

The futures and index have now come back into line, the Dec contract is USD 875 lower at USD 22,625 whilst the index is USD 1,182 higher at USD 22,250. A Doji yesterday and a bearish Harami today with Monday's pivot point at USD 23,041, this would suggest we could see further weakness on Monday; however, if the index continues to push then we could see price opening higher. Sentiment could be an issue, if we see lower pricing on oil and metals on Monday then we potentially see charterers taking a step back from the market. The futures say lower, the index says higher, whilst every other market in the world other than gold and capes have been killed!

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Supramax

The Supramax is in a similar situation to that of the Panamax, the trend is bearish with the Dec contract USD 750 lower at USD 25,750 but the index is USD 353 higher at USD 25,472. The market is nearing equilibrium, the index has held a long-term RSI support and the trend is bearish. Again, in theory we move lower on Monday, however if the index is up again, we could see a supported market.

Oil

I literally do not know where to start. Well, I think we can say the Elliott wave cycle has failed, as a psychological footprint of the market the SA variant has made the trend there obsolete. Liquidation has been the order of the day since the open in Asian hours, price has traded below all three of the weekly support levels highlighted in the morning technical. However, the low is at USD 72.14 with our weekly volatility tertiary support at USD 73.56, at the time of writing we are at USD 73.61 (18.15 GMT) suggesting we could base around these levels for the rest of the day. Monday, a big move lower would suggest a small recovery, the 50% retracement of today's candle is at USD 76.90, you will find technical sellers there if it does move up.

Have a nice weekend

Ed Hutton