

FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	15600	13250	-15.1%	Pmx 1 month forward	17000	16175	-4.9%
Cape Q422	17325	16625	-4.0%	Pmx Q422	17375	16850	-3.0%
Cape Cal 23	15025	14475	-3.7%	Pmx Cal 23	13325	13250	-0.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	18875	19450	3.0%	Brent	98.01	94.24	-3.8%
Smx Q4 22	17700	17850	0.8%	WTI	91.88	88.38	-3.8%
Smx Cal 23	13575	13875	2.2%	Iron ore	109.45	105.55	-3.6%

Iron ore

Source FIS/Bloomberg

Iron ore, copper and other metals declined after fresh economic data exacerbated concerns that China's sluggish recovery will curb demand for raw materials. The People's Bank of China delivered a surprise interest-rate cut on Monday in an attempt to revive the economy, after industrial output and investment slowed in July. China is facing a worsening property slump and continued coronavirus lockdowns, curbing demand for steel, copper and other metals (Bloomberg). The Sep futures look to have rolled over to the sell side, but price is holding above the USD 104.15 support, if broken the USD 95.50 fractal low becomes vulnerable to market sellers. Upside moves above USD 113.30 will mean we remain in a complex corrective phase with the upside move considered countertrend. Technically bearish.

Copper

The futures initially moved lower in the Asian session but have found support in U.S trading hours. Price has pulled back on a negative divergence with the RSI (on top of poor Chinese data), but we are holding above the USD 7,812 support. Below this level the technical will have a neutral bias. A bear day today with the 4-hour RSI near-neutral at 48 whilst the stochastic is oversold, if the RSI moves above 50 then momentum will be vulnerable to a test to the upside. However, if the RSI stays below 50 then the stochastic is less relevant.

Capesize

Another bad day in the index with price USD 1,794 lower at USD 9,104. The September futures reacted accordingly with price USD 2,175 lower at USD 13,425, we now target the USD 11,415 level. The divergence on the daily technical has now failed but we have a marginal divergence on the intraday 4-hour chart that will need to be monitored. Intraday Elliott wave analysis remains bearish, if we move lower tomorrow the positive divergence will fail, suggesting upside moves should be considered countertrend. If we open below USD 13,500, we have the potential for further technical weakness tomorrow, whilst an open below USD 13,375 will leave the USD 11,415 support vulnerable.

Panamax

Having shown signs that downside momentum was slowing, the index has weakened a further USD 194, to USD 15,631 today. The September futures have broken the USD 16,500 support post index, suggesting we are seeing some form of wave extension; we now have a potential downside target as low as USD 11,752, using the William's approach. The new low has created a positive divergence with the intraday RSI, not a buy signal it is a warning of the potential for a momentum slowdown and will need to be monitored. The technical is bearish with price breaking out of the consolidation zone, warning there is potentially more downside to follow.

Supramax

The Supramax index is bucking the trend with price USD 152 higher today at USD 17,678. The turning index means the Sep futures continue to find buying support, with price USD 575 higher today at USD 19,450. However, with nearly 2k carry and the rest of the complex negative, it does suggest we could struggle to hold these levels. Our intraday Elliott wave analysis implies there is the potential for another downside move, the Cape and Panamax markets weakness is currently supporting this. Up-side moves that fail at or below USD 22,186 will leave the futures vulnerable to further tests to the downside; likewise, if we trade below USD 18,250 then the USD 17,500 fractal low is likely to be tested and broken.

Oil

Oil fell as softer economic data from China and a potential breakthrough in negotiations with Iran eased pressure on crude markets. West Texas Intermediate plunged as much as 5.7% to fall below \$87 a barrel, the lowest in more than six months. Oil retreated after China announced a surprise cut in key interest rates on the back of weak economic data. Meanwhile, Iran signaled a nuclear deal agreement could be reached in the next few days, raising the prospect of Iranian crude returning to the global market. "Most are increasing the probability of an Iranian deal," said Rebecca Babin, a senior energy trader at CIBC Private Wealth Management. "I see \$80 as significant support and would expect buyers start to get interested at those prices," she added (Bloomberg). An interesting one in the Brent contract as price has traded down to but not below the USD 92.78 low. If broken it will signal wave extension to the downside, with a near-term target at USD 83.18, this would also move key resistance down to USD 110.67. However, if we fail to trade below USD 92.78 then key resistance remains unchanged at USD 104.59. This technical is bearish and in balance with support holding for now but looking increasingly vulnerable.

Written by **Ed Hutton**, FIS Senior Technical Research Analyst

EdwardH@freightinvestor.com

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com