

FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	14000	16625	18.8%
Cape Q422	14958.5	16875	12.8%
Cape Cal 23	13287.5	13800	3.9%

	Previous Close	Current Close	% Change
Pmx 1 month forward	16000	17900	11.9%
Pmx Q422	15650	17150	9.6%
Pmx Cal 23	12025	12600	4.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	16650	17500	5.1%
Smx Q4 22	15625	16650	6.6%
Smx Cal 23	12300	12675	3.0%

	Previous Close	Current Close	% Change
Brent	92.42	95.01	2.8%
WTI	86.1	88.71	3.0%
Iron ore	102.85	102.3	-0.5%

Iron ore

Source FIS/Bloomberg

A quiet day in terms of volume and price action due to the Mid-Autumn festival in China. The October futures traded to a high of USD 104.55 before selling lower. Price action suggests that this upside move is bullish impulse, meaning downside moves should be considered as countertrend, key support is at 98.35.

Copper

Copper extended its biggest weekly gain in six as the dollar continued its slide from the record high touched last week. All major London Metal Exchange contracts advanced, led by copper, lead and zinc. At the end of August, the US currency's appeal as a safe haven had crushed commodities priced in dollars. The onset of China's construction season is also underpinning base metals, after the nation's strict approach to curbing Covid-19 outbreaks hurt sentiment. The world's top consumer of raw materials is stepping up its efforts to support the beleaguered housing sector, with more Chinese cities announcing credit support and subsidies for home-purchases (Bloomberg). Having moved lower overnight the futures found support on the European open due to a weakening USD; however, price traded to a high of USD 7,998.5 which is the base of the resistance gap highlighted on the morning technical. Going into the close we are trading at USD 7,927, up USD 70.5 on the day, meaning price is trading in the middle of the days range whilst within the daily EMA resistance band. Technically we remain vulnerable to a test to the downside, the daily resistance band and bearish gap would suggest this is a dangerous area to enter an opening long position.

Capesize

The index is USD 696 higher today at USD 6,270 despite the holiday in China, momentum based on price is again bullish. The October futures have had a bit of a bumper day with price USD 2,375 higher at USD 16,375, meaning the intraday futures have traded above the USD 16,000 fractal resistance, creating a higher high. The new high is not being matched by the RSI, we now have a negative divergence in play, not a sell signal it does warn that we have the potential to see a momentum slowdown and will need to be monitored. Technically our Elliott wave analysis suggests this upside move is countertrend with key resistance at USD 23,045. However, we have a Fibonacci overlap at USD 16,950 which could be an area of interest to market sellers, if we close above and hold above this level, we have further resistance at USD 19,537. The intraday is bullish, the cycle is bearish, the negative divergence will need to be monitored.

Panamax

The index continues to move higher, but we are seeing a momentum slowdown based on price, up USD 516 today at USD 15,966. Like the capes the October futures have had a strong upside move today with the futures USD 1,750 higher at USD 17,750. We noted on Friday that the momentum slowdown in the index looked like it could carry into this week, so the upside move in the futures above the USD 17,200 – USD 17,304 resistance zone is a little bit of a surprise. If we can hold above this level, we have further resistance at USD 19,800. Our wave analysis on the intraday technical continues to suggest that this upside moves is countertrend with key resistance at 23,184, the wave cycle is bearish below this level and neutral above. The RSI has now made a new high, but the stochastic is still in divergence which will need to be monitored. Price action is bullish, but the 1-hour divergence is also in divergence, suggesting we could see a momentum slowdown soon.

Supramax

This index that just refuses to go up with price USD 28 lower today at USD 16,199. However, the October futures have followed the rest of the freight complex higher today with price closing the day up USD 850 at USD 17,500. The intraday technical would suggest that this upside move is a countertrend wave 4; however, we continue to await confirmation on the daily technical with price remaining below the USD 18,011 resistance. The futures need to move higher, if they do not, we could find ourselves looking at further downside wave- 3 extension. I think we will confirm, it just might take a few more days.

Oil

Oil extended gains after recovering from a weak start as declines in the US dollar offset concerns that global demand is under pressure. The US oil benchmark rose more than 2% to trade near \$89 a barrel after earlier sinking to \$85. Risk sentiment generally firmed across markets on Monday with equity markets climbing in Europe and the American currency weakening sharply as traders bet inflation is near a peak. A weaker greenback tends to benefit assets sold in the currency. China's efforts to suppress Covid-19 by curbing activity has weighed on oil prices with their potential of slowing down global demand. Nonetheless, some analysts see a host of bullish factors that could elevate prices heading into the end of the year. The conclusion of the Biden Administration's US strategic oil releases, harsher European sanctions that start on Dec. 5 and gas-to-oil switching would support oil prices, Rebecca Babin, a senior energy trader at CIBC Private Wealth Management said during a Bloomberg MLIV event. "Looking out for rest of 2022, we see prices moving higher with WTI in the \$95-\$105 range and Brent \$100-\$110," she said (Bloomberg). Price is moving higher on a weaker dollar, but as previously stated I think the move below USD 91.51 means we have started a new bear cycle. Key resistance on the daily technical is at USD 99.27, the futures are vulnerable below this level and neutral above.

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

EdwardH@freightinvestor.com