



# 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	14750	13900	-5.8%	Pmx 1 month forward	9600	9275	-3.4%
Cape Q3 23	14850	14150	-4.7%	Pmx Q3 23	9650	9425	-2.3%
Cape Cal 24	13825	13675	-1.1%	Pmx Cal 24	10300	10250	-0.5%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9850	9500	-3.6%	Brent	76.51	77.69	1.5%
Smx Q23 23	9850	9587.5	-2.7%	WTI	71.91	72.97	1.5%
Smx Cal 24	10462.5	10400	-0.6%	Iron ore	110	107.45	-2.3%

Iron ore

Source FIS/Bloomberg

Iron ore fell as steel output curbs and extreme heat warnings dimmed the outlook for the steel-making staple. Forecasts for temperatures above 40C (104F) in parts of China would likely slow construction, Mysteel said in a note on Friday. The extreme heat may lead to an even greater slowdown than normal, with China moving into the typical lull in activity over summer. That comes after a Mysteel report earlier this week that the steelmaking hub of Tangshan had ordered steel output curbs for all of July to help combat worsening air quality (Bloomberg). The August futures traded lower today with price breaching the USD 107.05 support, before catching a bid after the U.S payroll figures came in light, resulting in a dollar sell off. The downside break means the intraday futures are technically bearish; however, we would like to see an intraday close below this level to confirm it was not just a low tick.

Copper

Copper rose, snapping a three-day retreat, as traders weighed the prospect of Chinese economic stimulus and a softening US labour market. Industrial metals like copper and aluminium have been pressured in recent months by China's tepid post-pandemic recovery. This week there were fresh signs the country's property debt crisis isn't over, while data showed its service industry softened in June. Still, copper is set to finish the week little changed on hopes Beijing will eventually provide economic support. Authorities are facing pressure to back up reassuring rhetoric on the economy with substantive action after shares extended weekly losses, the yuan traded near an eight-month low and angst over the nation's credit market grew (Bloomberg). We noted in the morning technical that the downside move in the futures had held above the support zone yesterday, suggesting resistance levels could be vulnerable to a move higher. Alongside a weakening USD we have seen price close the day USD 115 higher at USD 8,377. The technical is still bearish with a neutral bias but are seeing momentum support now.

Capesize

Have produced a positive number yesterday the index came in another USD 360 higher today at USD 12,625. We now need to see a close above USD 12,936 for momentum based on price to be seen to be strengthening. The August futures however have not had a good day, as noted on the morning technical yesterday, the upside move looked in theory to be countertrend with price needing to trade above the USD 15,600 level to have a neutral bias. The futures have come under pressure on the open with price closing the day USD 925 lower at USD 13,825, meaning we are now testing the USD 13,703 support. If broken it would suggest that the USD 13,125 and USD 12,099 support levels could be tested.

## Panamax

Another positive number in the index today with price coming in USD 116 higher at USD 7,516, a close above USD 7,548 will mean momentum based on price is aligned to the buy side. The upside move in the futures yesterday meant that we closed the day bearish but with a neutral bias, meaning we had a note of caution due to the depth of the pullback. Technically the Elliott wave cycle would suggest that we still have the potential to trade below the USD 8,250 50 level: however, with the index on the turn the move lower in the futures has been more subdued now we are neutral, as the market needs to assess whether we will get the 5<sup>th</sup> and final wave lower. We close the day USD 300 lower at USD 9,300 and continue to remain cautious at this point due to the neutral bias.

## Supramax

The index continues to move lower but sell side momentum is slowing down with price only USD 52 lower at USD 7,959 today. The August futures have followed the rest of the freight complex lower with price closing the day USD 350 lower at USD 9,500. This technical is the most complex in freight, the Capesize cycle suggests we have one more wave lower, meaning we need to trade below the USD 13,125 fractal support. The Panamax cycle, although neutral, is yet to break the USD 8,250 low of the original wave, again suggesting we should in theory still move lower. With the Supramax it is different, we have had a 5 wave move lower, and traded below the USD 9,150 low set on the 31/05/23. This means that the minimum requirement for phase cycle completion had already been achieved before the deep pullback yesterday. We may still move lower from here, but we are a cautious bear as the futures are not considered a technical sell at this point.

## Oil

There were lots of warning signs on the morning technical to be cautious on upside moves, the shape and the divergence being the main two. However, the move higher this afternoon is on the back of the weakening USD, and not the technical. This makes the intraday technical a little harder to read, we know the daily technical is in consolidation with the upside moves looking like they could be countertrend; however, having held support on four occasions the intraday negative divergence on the 4-hour chart has now failed, suggesting we have momentum support. We do still have a divergence on the lower timeframe, but the USD looks like we could have a further downside, suggesting we could potentially move higher in oil. We were cautious on upside moves this morning, now we are just cautious until we have clarity. Key numbers on the daily tech to follow are at USD 81.97 and USD 93.44. Sorry, not much help on the intraday oil at this point.

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

EdwardH@freightinvestor.com