

	Previous Close	Current Close	% Change
Cape 1 month forward	11625	14350	23.4%
Cape Q4 23	14925	14850	-0.5%
Cape Cal 24	13650	13550	-0.7%

	Previous Close	Current Close	% Change
Pmx 1 month forward	12750	13000	2.0%
Pmx Q4 23	12625	12525	-0.8%
Pmx Cal 24	11150	11200	0.4%

	Previous Close	Current Close	% Change
Smx 1 month forward	12000	11850	-1.3%
Smx Q4 23	12000	12175	1.5%
Smx Cal 24	11075	11075	0.0%

	Previous Close	Current Close	% Change
Brent	85.97	86.66	0.8%
WTI	81.71	82.45	0.9%
Iron ore	114.45	113.95	-0.4%

Iron Ore

Source FIS/Bloomberg

The futures moved higher this morning on the China PMI figures, the economy is still in contraction, but the numbers were above the market consensus. We noted in the morning report yesterday that the futures had a potential upside target at USD 120.47, but a new high would create a negative divergence with the RSI, suggesting caution. The Sep futures have traded to a high of USD 116.90 before closing the session at USD 115.90. We remain a cautious bull due to the divergence with a potential upside target at USD 120.47.

Copper

The futures were moving lower this morning on the back of a negative divergence with the RSI. We noted in the morning report that a close below USD 8,418 would warn that the USD 8,376 support level could be broken. Price has traded below the USD 8,376 level, indicating the pullback is considered as deep, meaning the probability of the futures trading to a new high as decrease, we have also seen the 4-hour candle close below the USD 8,148 level; however, this did happen on the same candle that broke support. The technical is bearish, with momentum based on price now weakening due to the depth of the pullback, warning support levels are vulnerable. If we do see a close above USD 8,451 then market sellers need to be a little cautious, as this will be above the high of the last dominant 4-hour bear candle.

Capes

The index is already slowing down with price only USD 238 lower at USD 9,072. The Sep futures have started to price in today, but action has been limited with the futures closing the day USD 125 lower at USD 11,500. We are bearish with a potential downside target at USD 10,783; however, we maintain a cautious view as price is still in divergence on the 1-hour chart. We will be looking at October tomorrow which has a strong move higher on the back of the roll, and currently has a USD 5,000 carry over the index. This will be a bit tricky to read with such a price jump.

Panamax

The index took a turn today with price USD 163 lower at USD 12,190. The futures opened a little higher due to the roll but closed USD 125 below its opening value, resulting in an inside day candle pattern. In theory this is a neutral pattern with directional bias coming from the breakout of today's range (USD 13,300 – USD 12,925). In reality it is a continuation pattern 62% of the time in equities according to Bulkowski's website, suggesting there is a slightly higher chance that we move lower tomorrow. Technically we remain bullish, but with the index turning today there is a little uncertainty in the market.

Supramax

Another bullish day in the index with price USD 217 higher today at USD 10,584. Technically we remain bullish; however, we saw a small move lower in the October contract to close the day at USD 11,850. For more information on the technical, please click on the link. Supramax Technical Report 31/08/23 <https://fisapp.com/wp-content/uploads/2023/08/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-31-08-23.pdf>

Oil

WTI crude oil rose ~2% with headlines about Russia and OPEC+ agreeing to announce further steps next week. Key OPEC+ members Saudi Arabia and Russia have kept output suppressed in recent months in an effort to tighten the oil market, pushing US futures higher (Bloomberg). We noted on the morning report that the futures were bullish but a new high would create a negative divergence with the RSI. However, the futures moved higher on the news resulting in the divergence failing. We are bullish with the intraday wave cycle a little unclear at this point. I am maintaining a cautious view as we are currently trading on a Fibonacci overlap (USD 86.69 – current price USD 86.67) with short term momentum indicators in overbought territory, warning we are due a pullback soon.

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