

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	14350	14125	-1.6%	Pmx 1 month forward	13000	13050	0.4%
Cape Q4 23	14850	14700	-1.0%	Pmx Q4 23	12525	12625	0.8%
Cape Cal 24	13550	13525	-0.2%	Pmx Cal 24	11200	11250	0.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	11850	12975	9.5%	Brent	86.83	88.1	1.5%
Smx Q4 23	12175	12325	1.2%	WTI	83.58	85.07	1.8%
Smx Cal 24	11075	11175	0.9%	Iron ore	113.95	114.45	0.4%

Iron Ore

Source FIS/Bloomberg

China intensified efforts to stimulate the economy and support its currency, as investor concerns over the growth outlook persist. The central bank will trim the amount of foreign currency deposits banks are required to hold as reserves for the first time this year, the People’s Bank of China said Friday. The move came hours after authorities announced fresh stimulus for the beleaguered property sector and unveiled plans to expand tax breaks for child and parental care and education. The steps are the latest efforts to shore up confidence in the world’s second-largest economy, which is sagging under the weight of the persistent housing crisis, waning global demand and rising unemployment. Authorities have so far resorted to a drip-feed of targeted measures, avoiding the big-bang stimulus approach they deployed during the 2008 global financial crisis amid concerns over elevated debt levels (Bloomberg). The October futures moved higher into the close with price trading above the USD 115.35 fractal resistance, meaning the daily technical is bullish based on price. For more information on the technical, please click on the link. Iron Ore Oct 23 (rolling Front Month) 01/09/23 <https://fisapp.com/wp-content/uploads/2023/09/FIS-Iron-Ore-Technical-01-09-23.pdf>

Copper

We were technically bullish in the morning report with the new high suggesting we were seeing some form of wave extension. However, the 4-hour MA on the RSI remained neutral whilst the 1-hour was in divergence. For this reason, we were a cautious bull, despite the technical breaking fractal resistance and entering bullish territory. The futures traded to a high of USD 8,599, however, the move failed to hold with price trading at USD 8,406 going into the E.U close. If the 4-hour candle closes around these levels, then we will have an intraday bearish rejection candle in play, warning support levels could be vulnerable.

Capesize

Not a great start to the month with the index coming in USD 511 lower at USD 8.561. Price action has been limited in the October contract today with the futures closing the day USD 225 lower at USD 14,125. We noted in the morning report that that upside moves could be limited in the near term, as the carry between October and the index had been just under USD 6,000. However, countering this, the upside gap created by the roll means that we have seen momentum move higher alongside price, suggesting downside moves should be considered as countertrend. We are a little overextended at this point with the futures closing the day below the 55-period EMA, but the technical is warning we should find buyside support at lower levels.

Panamax

The index is USD 226 lower today at USD 11,964. The October futures opened below the daily pivot point resulting in the inside day breaking to the downside. However, we found buy-side support very quickly resulting in price trading back into the previous day's value area. We warned in the morning report that the breakout failure and move back into the value area meant we could test the USD 13,300 high from yesterday. We moved slightly higher than this morning's levels to close the day at USD 13,075. Technically bullish, price has held the 21-period EMA with the daily RSI testing its MA once again. If the RSI can close above it, then we could see some positive price action. This is just my opinion, but the Supramax roll and the move to a new high today supports our bullish Elliott wave cycle in the Panamax.

Supramax

Another positive index today with price USD 195 higher at USD 10,779. The rolling front month technical opened higher due to the roll into the October contract, with price also finding bid support, resulting in the USD 12,925 fractal resistance being broken. Technically we are on a bullish impulse wave 5 with a potential upside target at USD 13,480; however, we should note that the minimum requirement for phase/cycle completion has been met with the futures now in divergence with the RSI. Not a sell signal, it will need to be monitored.

Oil

Oil prices surged to \$85 as a month-long effort by OPEC+ to reduce supplies gripped the physical market and China showed a new resolve to bolster its economy, a key engine of global crude consumption. West Texas Intermediate climbed for a seventh day, extending the longest such run since January and bringing prices to the highest since November. US futures have advanced about 6% this week, heading for the biggest weekly gain since April (Bloomberg). Obviously, there is a lot of outside manipulation going on in the futures that are driving price higher, as two of the world's top producers are currently choking supply. However, I will say this, the futures are moving higher supported by volume but your aggregate open interest (AOI) is falling, and is now at the levels where the initial accumulation began in the low USD 70's. Market longs have been exiting the futures, this is not a bullish signal and warns of exhaustion, suggesting caution. If we continue to move higher and AOI moves lower, it will further support a weakening technical. Obviously, if the recent headlines drive a spike in AOI then that will suggest new money in the market and have bullish implications, but right now, it suggests caution.

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

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