

# FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	21625	19875	-8.1%
Cape Q4 24	27125	26175	-3.5%
Cape Cal 25	21800	21550	-1.1%
	Previous Close	Current Close	% Change
Smx 1 month forward	15350	15275	-0.5%
Smx Q4 24	15475	15250	-1.5%
Smx Cal 25	13450	13375	-0.6%

Iron Ore

	Previous Close	Current Close	% Change
Pmx 1 month forward	14725	14425	-2.0%
Pmx Q4 24	15725	15450	-1.7%
Pmx Cal 25	13700	13525	-1.3%
	Previous Close	Current Close	% Change
Brent	79.84	78.6	-1.6%
WTI	75.94	74.78	-1.5%
Iron ore	102.15	99.3	-2.8%

Source FIS/Bloomberg

Iron ore plunged below \$100 a ton and copper fell ahead of manufacturing data from China on Wednesday, which is expected to signal continued economic weakness. "Early indicators point to a further slowdown in manufacturing," according to Bloomberg Intelligence economists including Chang Shu. "The gauge of services and construction will probably signal almost zero growth, with the fallout from the housing slump offsetting any boost from summer travel spending." Industrial metals have tumbled this month as China's prolonged property crisis weighs on the outlook for demand. China's top leaders pledged to roll out more support for the economy at a Politburo meeting, according to Xinhua News Agency, although few concrete details were offered (Bloomberg). The August futures sold to a low of USD 98.00 before finding light bid support in the Asian evening session. We now have 5-waves lower whilst price is in divergence with the RSI, implying caution on downside moves from here.

## Copper

Money managers have closed out more than \$20 billion in bullish copper bets since mid-May, with mounting worries about Chinese demand helping to spark a rapid exodus from one of the most important industrial commodities. Copper spiked to a record above \$11,100 a ton in May as investors embarked on an unprecedented buying spree, but prices have slumped by more than a fifth since then, with funds making a similarly seismic retreat. The reversal comes as investors' high-conviction bets on the bright long-term outlook for usage in data centres, renewables and electric vehicles has been tested by a historic bout of demand weakness in China (Bloomberg). The futures continue to sell lower, confirming that the upside move had been countertrend. However, we are yet to break the USD 8,900 fractal low (low USD 8,915), meaning we remain vulnerable to another move lower at this point. However, below USD 8,900, the futures will be in divergence with the RSI, implying caution on downside breakouts.

## Capesize

The index continues to come under pressure with price USD 682 lower at USD 20,729 today. We continue to see relentless selling from financials with the August contract selling USD 1,750 lower to close at USD 19,875. Technically, we are oversold with the daily RSI showing a minor divergence, whilst faster moving RSIs on the intraday technical are also oversold and divergent. From a technical perspective we look oversold at these levels; however, the downside push is warning that we are looking at some form of Elliott wave extension, as the futures, having broken their longer-term averages, with price now moving away from them. At these levels, the futures are not considered a technical sell. However, upside moves are now looking like they will be countertrend.

## Panamax

Having slowed in recent days the index has come in USD 187 lower at USD 14,609. The August futures sold USD 300 lower today to close at USD 14,425, meaning the USD 14,925 support has been broken. The Probability of the futures trading to a new high has started to decrease. The MA on the RSI is implying momentum is weakening, warning the USD 14,625 and USD 13,875 Fibonacci support levels are starting to look vulnerable. As noted previously, we have been cautious on downside moves as the bear cycle looked like it had completed; however, near-term price action is suggesting we could continue to move lower, bringing into question my Elliott wave count. If the futures trade below the USD 14,325 level, then the technical could be in trouble, as this is a fractal support. If we hold the fractal, market sellers will need to be cautious.

## Supramax

The index is another USD 69 lower today at USD 15,147. The August futures are at a bit of a crossroads, we have held the USD 15,180 support with price still above the 55-period EMA. However, the MA on the RSI is warning of momentum weakness with the futures selling lower on 3 of the last 4 sessions, warning we could be about to break support. We are USD 75.00 lower on the day at USD 15,275, we are approaching an inflection point, and need to hold the USD 15,180 level, failure to do so will mean that the probability of the futures trading to a new high will have started to decrease. If we hold support, we will need to see the futures close above the high of the last bear candle (USD 15,425) to indicate that buy-side momentum is increasing.

## Oil

Oil retreated to a fresh seven-week low as the outlook for demand in China remained gloomy while traders looked ahead to key data points. West Texas Intermediate dropped below \$75 a barrel and touched the lowest intraday price since June 6. Technical measures including the relative strength index are signalling that the selloff may be overdone after trend-following algorithms exacerbated losses in recent sessions. Meanwhile, the outlook for crude demand remains shaky as banks including Citigroup Inc. reduce growth forecasts for Asia's biggest economy and export prices of US oil heading to the region weaken. China's second-half imports are also expected to be muted (Bloomberg). As noted last night, the futures had sold lower in line with the Elliott wave cycle and had a potential downside target at USD at USD 77.85. We continue to sell low with price down USD 1.25 on the day at USD 78.54. We remain in a bearish trending environment; however, price is still in divergence with the RSI, suggesting caution as the technical is warning it could soon exhaust.

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