

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	28725	29875	4.0%	Pmx 1 month forward	13900	14250	2.5%
Cape Q4 24	27150	27700	2.0%	Pmx Q4 24	14050	14175	0.9%
Cape Cal 25	21325	21400	0.4%	Pmx Cal 25	12750	12750	0.0%
	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	14650	14850	1.4%	Brent	73.78	73.13	-0.9%
Smx Q4 24	14325	14525	1.4%	WTI	71.13	70.46	-0.9%
Smx Cal 25	12825	12875	0.4%	Iron ore	92.5	90.8	-1.8%

Iron Ore

Source FIS/Bloomberg

The October futures sold lower in the Asian day session before trading to a new low in the evening session. Technically we are bearish with intraday Elliott wave analysis suggesting that we have a potential downside target for this phase of the cycle at USD 87.27. The futures are now in divergence with the RSI, not a buy signal, it is a warning that we have the potential to see a momentum slowdown, implying caution on downside moves at these levels. Countering this, faster moving momentum indicators are warning that we could have another test at the USD 89.50 low first. We close the day USD 91.10 having seen light bid support on the divergence.

Copper

Technically bullish in the morning report with downside moves looking like they could be countertrend. We noted that the futures were looking a little overextended to the downside in the very near-term, having sold lower in the Asian day session. The futures did find bid support with price currently USD 59 higher on the day at USD 9,430 going into the close, meaning price is back above the daily pivot level. Our intraday Elliott wave analysis is suggesting that we have the potential to trade as high as USD 9,656 within this phase of the cycle; however, we do have a note of caution on upside breakouts above USD 9,466.50, as the futures will be in divergence with the RSI.

Capesize

The index is another USD 540 lower at USD 25,083. However, if the tail wags the dog, then the October futures are warning that the slide in the index could soon come to an end. Our Elliott wave analysis has suggested that downside moves look to be countertrend; we are USD 900 higher on the day at USD 29,625, a move above USD 29,950 will warn that the USD 30,875 fractal high could be tested and broken. If we do, then there are two things to be aware of. The Elliott wave suggests that we have the potential to trade as high as USD 35,048 within this phase of the cycle; however, above USD 30,875, the futures will be in divergence with the RSI, warning we have the potential to see a momentum slowdown. For now, our analysis continues to suggest that we should move higher.

Panamax

The index had a better day yesterday with the upside move accelerating, having previously shown signs that it was slowing down. This has continued today with price USD 326 higher at USD 12,180. The October futures opened with bid support today with price trading through the USD 14,041 resistance, meaning the technical is bearish but with a neutral bias, above USD 14,625 the technical is bullish. The futures are once again testing the intraday 200-period MA (USD 14,333), this is a benchmark average so could find some selling resistance here; however, if we close above and hold above it, then we target the USD 14,625 level. We close the day USD 350 higher at USD 14,250.

Supramax

A small improvement today, with the index USD 39 higher at USD 14,013. We noted in the close report yesterday that the upside move suggested that the USD 14,659 resistance would be broken on the open. We have moved USD 200 higher to close at USD 14,850, meaning that the probability of the futures trading to a new low has started to decrease, warning that there is now an increased chance that the lower timeframe bearish Elliott wave cycle will fail. Like Panamax, we are testing the intra-day 200-period MA at USD 14,975, this is a benchmark average so could find some selling resistance here; however, if we close above and hold above it, then we target the USD 15,050 fractal high.

Oil

Oil declined after two days of gains as a tepid outlook for demand overshadowed rising tensions in the Middle East. West Texas Intermediate slid below \$71 a barrel, while Brent slipped to near \$73 a barrel. Government data released Wednesday showed US gasoline demand falling further below 9 million barrels a day and jet fuel consumption ebbing for the third straight week (Bloomberg). Having traded into the Fibonacci resistance zone yesterday, the futures have seen a small pullback today with price USD 0.59 lower on the day at USD 73.11 going into the EU close. In theory, upside moves based on our Elliott wave analysis look to be countertrend, above USD 77.20 the probability of the futures trading to a new high has started to decrease. Since the roll, on August the 30th, we have seen a build in the aggregate open interest (AOI), suggesting short bets in the market have increased. Tensions are increasing in the Middle – East, whilst AOI has started to see a small drop over the last two sessions. Take the M-East out of the equation, then we should move lower. However, there is a chance that the technical could go out of the window if the situation escalates, so I have a more cautious approach.

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