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September 2022
Chart analysis for raw materials, iron ore, steel, copper, oil

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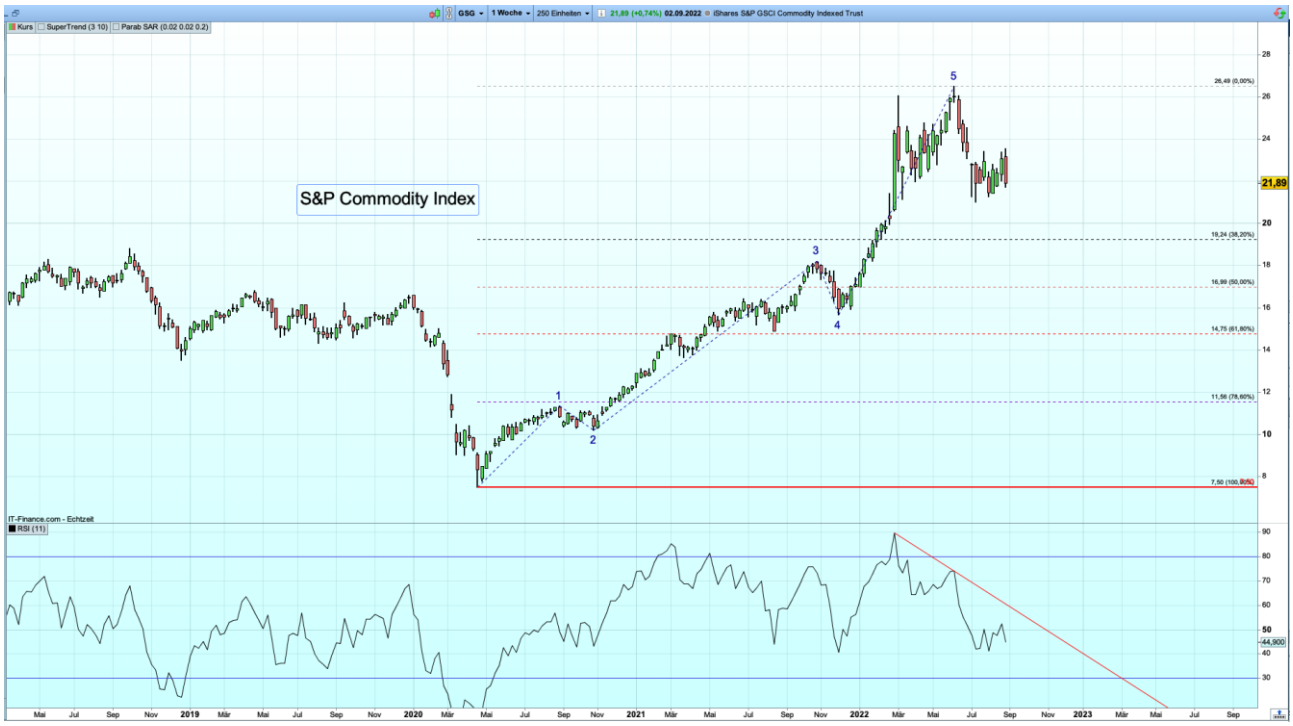
Dear Ladies and Gentlemen,
The vacation season is over, but the global turbulences remain.

The Standard & Poors commodity index has risen to new highs, but is currently entering a correction phase. Chart-wise, the index has completed a picture-perfect 5-wave dynamic rise. Now we should see a 3-wave correction, of which we are currently in wave 2. As you can see, wave 2 has powerful price overlaps, which should initiate the 3rd wave downwards.



Reuters writes on iron ore:
Tighter restrictions to curb corona infections and limits on steel production in China are pushing the price of iron ore below $100 a ton. Futures there fell five percent to 682 yuan ($98.57) per ton. Steel prices also suffered losses after several major Chinese cities tightened corona restrictions. In addition, controls on steel production to reduce emissions also dampened demand for raw materials for steelmaking.

After the 5-wave dynamic descent, a recovery correction is now taking place, but it does not currently look like a renewed strong rise. The first 3-wave recovery is now likely to be followed by a small 5-wave downward dynamic. A target could be the last low from the beginning of the year.

Continuing speculation about a decline in demand from China, the world's largest customer, is sending the copper price down again.
However, the dynamic 5-wave decline is in the last 5th wave and could have found its end in 1-2 months.

Brent crude oil, representing also other crude oil grades, is also in a 3-wave correction phase after the dynamic increase.

Reuters notes in this respect:

The new secretary general of the Organization of Petroleum Exporting Countries (Opec), Haitham al-Ghais, sees investor fears of an economic slowdown as the cause of the recent slide in oil prices. "There is a lot of fear," al-Ghais said in an interview with Reuters published on Thursday. "There is a lot of speculation and fear, and that is what is mainly driving the price drop." Brent North Sea crude has fallen nearly 40 percent since jumping to its all-time high of $147 a barrel in March immediately after the Ukraine invasion. "In the physical market, on the other hand, we see things quite differently. Demand is still robust," said the oil cartel's manager, who has been at the helm since August.

Above all, he said, investors' worries about a slump in the Chinese economy are overblown. "China continues to be a phenomenal place for economic growth." He said the resurgence in travel demand and the accompanying greater demand for fuel make him "relatively optimistic" about the coming year. In 2023, he said, there will be an overall slowdown in oil demand growth, "but it shouldn't be worse than what we've had in the past." Oil cartel countries and their allies will meet again on September 5 to discuss their future production policies.

The price of gas is subject to violent fluctuations. Depending on political and economic statements, it swings up as well as down.
The uncertainty about the further development can be felt daily.
However, the index inserted below has already gone into reverse, means that the upward momentum is nearing its end.

If you need additional charts, just write to us.

Peter Weber