FIS

European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	30250	27250	-9.9%
Cape Q222	32475	30000	-7.6%
Cape Cal 23	21475	20825	-3.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	29250	26500	-9.4%
Pmx Q1222	28875	26700	-7.5%
Pmx Cal 23	17300	16625	-3.9%

	Previous Close	Current Close	% Change
Smx 1 month forward	34750	31500	-9.4%
Smx Q2 22	32800	29800	-9.1%
Smx Cal 23	17250	16600	-3.8%

	Previous Close	Current Close	% Change
Brent	112.12	105.82	-5.6%
WTI	109.09	101.76	-6.7%
Iron ore	157.55	146.15	-7.2%

Source FIS/Bloomberg

Iron ore

Copper fell and iron ore slumped as much as 9% on fears that China's efforts to tackle coronavirus flare-ups will hinder the country's fragile economic recovery. London's nickel market remained closed. China locked down the southern city of Shenzhen -- a trading-to-technology hub with 17.5 million residents -- while Shanghai is already restricting movement into the city and Jilin province imposed a travel ban. Stringent anti-virus measures will make it harder for Beijing to hit its economic growth target in 2022, Nomura Holdings Inc said (Bloomberg). The futures traded below the USD 154.50 support overnight resulting in price trading to a low of USD 142.85. The intraday technical is bearish with the daily technical neutral, we target USD 140.62 as a key support, if it holds, we have the potential to test upside resistance levels between USD 152.13 – USD 158.89, if it is broken the USD 132.35 support is vulnerable.

Copper

As noted in iron ore the futures came under pressure due to concerns over economic growth in China on the back of new Covid lockdowns. The futures have traded to a low of USD 9,866, below USD 9,794 both the intraday and daily technical become bearish. Upside moves above USD 10,337 will break fractal resistance warning upside resistance levels could be tested. Technically neutral

Capesize

We noted on the technical report on Friday that the futures were no longer considered a technical buy due to the negative divergence on the intraday. Price has now entered a corrective phase with the futures USD 3,000 lower at USD 27,250. Downside moves that hold at or above USD 26,460 will support an intraday bull argument, below this level price will target the USD 24,250 level, the intraday RSI is at 50 with the stochastic in oversold territory, if we can hold above 50 then momentum will be vulnerable to a test to the upside. On the daily technical the futures remain bullish above USD 21,512 and neutral below. Technically bullish but in a corrective phase, near-term support is at USD 26,460.

Panamax

We have this as a corrective wave 4 but price is now below USD 26,447, meaning the technical has a neutral bias. We did highlight on Friday that we had a bearish rejection candle warning that support levels could be tested, this is proving to be the case with the futures USD 2,750 lower today at USD 26,500. Downside moves below USD 22,750 will mean the technical is bearish. Upside moves that fail at or below USD 31,160 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 33,625 high. As we had feared the weekly rejection candle means key support is broken, technically we are now neutral/bullish, the index is USD 859 lower at USD 26,490 meaning momentum is bearish based on price.

Supramax

The index is USD 60 lower at USD 32,270, a close below USD 31,369 will mean that momentum is weakening based on price. In the April futures we have seen a strong downside move with the mean reversion gap now filled, price is USD 3,250 lower at USD 31,500. Corrective moves lower that hold at or above USD 30,575 will support a bull argument, below this the futures will have a neutral bias. We maintain our view that the intraday Elliott wave cycle is still bullish with this downside move looking to be a corrective wave 4, suggesting there should be another bull wave to follow. Having been bullish the freight complex before the Russian invasion into the Ukraine we had initially expected our wave cycles to fail; however so far, they have proved us wrong, resulting in higher pricing and a bullish wave 3. We are still bullish but continue to highlight caution on these cycles as they are driven by the psychology of the market, war is a nasty business and psychology can change very quickly, they are not set in stone. Hopefully this madness will end soon.

Oil

Oil's reversal continued today, with futures in New York dropping more than 8% and falling below the $100 a barrel threshold that traders have been keeping a close eye on. It's more than just a matter of what goes up, must come down. The latest news on the Russia-Ukraine situation is once again driving the market. With negotiations ongoing between the nations and Ukrainian President Volodymyr Zelenskiy set to address Congress this week, prices are cooling off on optimism that supplies from the region won't be as disrupted as initially feared. And in the meantime, drillers in North America are showing signs of life after the recent rally. In Canada, demand for rigs is now higher than it's been in years, and U.S. shale explorers are returning to growth mode. The recent activity has reopened the debate on how much supply could come to market this year at a time when demand questions are rising because of China's Covid lockdowns and the potential for a slowing economy. But of course, it's a volatile situation, and market action for the rest of the week will undoubtedly hinge on what happens in Ukraine (Bloomberg). I am hoping that one evening very soon I will be able to say my Elliott wave has failed as compromise has been met, with peace breaking out in the Ukraine. Until it does, I will remain skeptical of this corrective move. The technical has a neutral bias but looks to be on wave 5 of wave C. We may not have seen the low just yet, but this bear cycle is nearing completion and market sellers should be cautious, as we now have divergences forming on the 1-hour technical. Technically bullish we remain in a corrective phase.

Ed Hutton

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