

FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	23500	22750	-3.2%	Pmx 1 month forward	28675	28375	-1.0%
Cape Q222	29200	28500	-2.4%	Pmx Q1222	29050	28875	-0.6%
Cape Cal 23	21000	20825	-0.8%	Pmx Cal 23	16925	16850	-0.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33525	33250	-0.8%	Brent	118.2	119.27	0.9%
Smx Q2 22	32900	32950	0.2%	WTI	111.27	112.66	1.2%
Smx Cal 23	16975	16825	-0.9%	Iron ore	147.5	154.7	4.9%

Iron ore

Source FIS/Bloomberg

Iron ore futures rose above \$150 a ton as expectations of stronger policy support and a seasonal demand improvement in China outweighed a lockdown in its key steelmaking hub. The steelmaking material has proved relatively resilient in the face of activity curbs across the nation amid a Covid-19 resurgence. China's widespread efforts to control the pandemic point to temporary disruptions, and investors expect steel consumption from the construction sector to ramp up in April and May (Bloomberg). The upside move above the USD 154.55 means the futures have made a higher high, momentum is bullish based on price but remains below the USD 156.88 resistance. Seasonality leans to the buy side in the futures and to the downside in the port inventories, price is moving up and stocks are moving down, suggesting upside resistance levels could now be tested in the coming days.

Copper

The futures rallied in the Asian and E.U morning session before repeating yesterday sell off, the intraday technical has traded below yesterday low, confirming we have a neutral bias. The culprit is Yellen! Treasury Secretary Janet Yellen said she expects the US economy to remain resilient even as higher energy and commodity costs, triggered by Russia's invasion of Ukraine, dent the outlook for global growth. "We have an immensely strong job market," Yellen said when asked in a CNBC interview on Friday about signs of weakness in the US economy. "When you look at the balance sheet of the typical American family, it is in very good shape. Consumer spending is strong and tax revenues have frankly been surprising to the upside" (Bloomberg). The USD basket had been moving lower on the intraday, but Yellen's comments has resulted in the basket trading back at its highs which has subsequently pushed copper lower. The technical is still bullish but the deep pullback means we have a neutral bias.

Capesize

The index remains bullish but in a corrective phase with a neutral bias. Price is USD 685 lower today at USD 15,648, meaning we have seen another down day in the April contract with price closing the week at USD 22,750 down USD 750 on the day. Price is holding key support levels on the daily technical, but the weekly chart is not looking pretty, A bearish candle with the RSI below 50 and the stochastic overbought is suggesting that support levels could be broken next week. Seasonality seems to turn to the buy side in a couple of weeks, which supports the iron ore seasonality which is on the rise. However, two weeks is a long time in the cape markets, if we do move lower, it is a case of can the USD 16,200 support hold before we roll into May? if it does than it will suggest we could go on an upside run.

Panamax

We are now seeing a momentum slowdown in the futures with price only USD 300 higher today, at USD 29,377. The slowdown alongside the negative divergence is a concern, however the April futures have proved resilient today with price only USD 300 lower at USD 28,375. The futures are now pricing in a corrective phase on the index, as we are trading at a USD 1,000 discount, the technical is neutral bullish. We noted on the morning report that there are some concerns regarding the technical due to the divergence and seasonality in the index, at this point the pullback looks corrective; however, the index slowdown today is warning that support levels could be tested.

Supramax

We have been warning for the last couple of days that there is a marginal negative divergence in the index that need to be monitored, today the index is USD 149 lower at USD 33,217, below USD 32,919 momentum will be seen to be weakening based on price. The April futures are lower but holding the USD 32,875 support on the intraday. On paper this looks like it is a countertrend move; however, Like the Panamax, a negative divergence and weakening seasonality is warning that support levels could come under pressure in the near-term. What we do need to factor in on any corrective phase is the technical on all three freight products is based on the rolling front month future. We do have seasonality weakness, but in a weeks' time we roll into the May contract, so we could potentially hold in bull territory on the technical as it is the April that is vulnerable.

Oil

An oil storage facility in Saudi Arabia was hit in a barrage of drone attacks on the kingdom on Friday, the latest flare-up in one of the world's most important regions for oil shipments. State oil producer Saudi Aramco's North Jeddah Bulk Plant -- a storage facility -- was hit, according to a person familiar with the matter. Yemen's Houthi rebels claimed a series of attacks on Aramco facilities on Friday, sending oil prices higher. While the storage site targeted in Jeddah is focused on domestic needs, limiting the impact on the international oil market, the escalation of attacks is spooking oil traders (Bloomberg). Just another thing to add to the long list of reason why selling oil is a losing trade in anything other than short term swing trading. Price is small up on the day but USD 4.5 bucks off its low.

Ed Hutton

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

EdwardH@freightinvestor.com