



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	25250	24200	-4.2%	Pmx 1 month forward	26700	26500	-0.7%
Cape Q322	34825	34900	0.2%	Pmx Q322	27825	27675	-0.5%
Cape Cal 23	22475	22700	1.0%	Pmx Cal 23	16800	17050	1.5%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	31875	31250	-2.0%	Brent	105.32	107.15	1.7%
Smx Q3 22	29975	29675	-1.0%	WTI	102.02	104.68	2.6%
Smx Cal 23	16975	17150	1.0%	Iron ore	150.52	150.61	0.1%

Iron ore

Source FIS/Bloomberg

Iron ore in Singapore is on course for its first monthly loss since November as Covid lockdowns in top consumer China battered the nation's economy and cast a shadow on the steelmaking raw material's demand prospects. It's also the biggest monthly fall since September. Still, the Asian giant's pursuit of its economic goals by investing in infrastructure remain supportive of iron ore as it underpins demand for steel, according to Fortescue Metals Group Ltd., the world's No. 4 iron ore producer (Bloomberg). The May contract continues to edge higher with price testing the USD 143.73 resistance before moving lower to close the day at USD 141.65. We maintain our view that this upside move looks to be countertrend, suggesting the USD 133.25 fractal support remains vulnerable.

Copper

Most base metals sank as a rallying dollar makes commodities more expensive for other currency holders. A Bloomberg gauge of the greenback climbed as much as 0.9% to trade at the highest since May 2020 after the Bank of Japan doubled down on its bond-buying operations to keep a lid on rising yields. "A round of dollar strengthening is putting pressure on the metals," Wenyu Yao, senior commodities strategist at ING Bank, said by phone. Meanwhile, as China goes into Labor Day holidays next week, "onshore traders are exiting the market for the holidays," Yao added (Bloomberg). The Green back continues to move higher having broken a parabolic trend support today, resulting in the copper futures trading to a low of USD 9,712; however, the positive divergence mentioned previously means the futures are not considered a technical sell unless the divergence fails. The intraday trend is technically bearish with price below all key moving averages, however the divergence in copper and the break in the parabolic trend on the USD basket are warning we could soon see exhaustion.

Capesize

The index has been slowing down for the last couple of days, price turned negative today with a downside move of USD 639 to USD 17,821. As noted in yesterday technical, a near neutral RSI and overbought stochastic suggested that momentum was vulnerable to a test to the downside, as did the seasonality chart alongside the carry at USD 6,540. Price opened lower with the futures trading down to USD 23,625 on the open before finding support in the afternoon session, to close the day at USD 24,200. The intraday technical remains bullish above USD 22,995 and neutral below, with the daily technical suggesting support levels could soon be tested. The daily RSI is holding above the 50 level (50.23), if it can continue to hold above this level the overbought stochastic is less relevant, if we drop below 50 then we have the potential to move lower. We roll tomorrow with the June futures coming into play, they have a carry of around USD 12,500, time is on its side, but seasonality is not. It will be interesting to see how resilient it is next week.

Panamax

The index is USD 879 higher today at USD 24,892 with the May futures flat on the day. For more information on the technical please follow the link. Panamax Technical Report 28/04/22 <https://fisapp.com/wp-content/uploads/2022/04/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-28-04-22.pdf>

Supramax

A disappointing index today with price USD 1.00 higher at USD 30,096, this has resulted in the futures coming under pressure. The May contract is USD 750 lower at USD 31,250 with price trading back to the 200-period average, warning the futures are vulnerable. However, we roll tomorrow with the June contract flat on the day, whilst price is valued around the USD 32,250 level, indicating the technical will move higher tomorrow. The seasonality in the index and the rolling front month contract leans to the buy side, supporting a longer-term bull argument. Key support is at USD 29,950, below this level the futures will have a neutral bias. The intraday technical is bullish based on price as is the seasonality chart; however, based on the intraday EMA's there is no definable trend at this point whilst the daily EMA support band is flat, again pointing to neutrality. This would suggest the technical is not replicating the seasonality charts at this point.

Oil

Oil prices rallied on Thursday after reports that Germany is no longer opposed to an embargo on Russian oil, which could further tighten supplies in the already stressed global crude market. German representatives to the European Union are no longer objecting a full Russian oil embargo as long as Berlin is given time to secure alternative supplies, the Wall Street Journal reported on Thursday. The article echoes comments from Germany's Economy Minister Robert Habeck on Tuesday, when he said the EU's largest economy, could cope with an EU embargo on Russian oil imports and it was hoping to find ways to replace Russian oil with other supply. Brent crude futures rose \$1.41 to \$106.73 a barrel by 11:35 a.m. EDT (1535 GMT.) U.S. West Texas Intermediate crude rose \$1.95, or 1.9% to \$104.05 (Investing.com). The futures traded high on the back of the news with price testing the 200-period MA on the 1-hour chart (USD 107.12), if we close above this level it will further support a bull argument, as will any weakening in the USD basket which has so far defied my prediction, having broken the parabolic trend support it is still moving higher. The daily futures look as if they will close above the USD 105.85 level today, if we do this will be above the high of the low candle from the 25/04, warning we could see the USD 109.80 resistance level be tested.

Ed Hutton

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

EdwardH@freightinvestor.com