

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	#N/A N/A	32750	#VALUE!
Cape Q322	#N/A N/A	36700	#VALUE!
Cape Cal 23	#N/A N/A	23350.5	#VALUE!

	Previous Close	Current Close	% Change
Pmx 1 month forward	#N/A N/A	28125	#VALUE!
Pmx Q322	#N/A N/A	28200	#VALUE!
Pmx Cal 23	#N/A N/A	17275	#VALUE!

	Previous Close	Current Close	% Change
Smx 1 month forward	#N/A N/A	32450	#VALUE!
Smx Q3 22	#N/A N/A	30125	#VALUE!
Smx Cal 23	#N/A N/A	17500	#VALUE!

	Previous Close	Current Close	% Change
Brent	107.58	105.62	-1.8%
WTI	105.17	103.21	-1.9%
Iron ore	150.61	150.77	0.1%

Iron ore

Source FIS/Bloomberg

The futures had previously traded higher to test the USD 147.08 resistance level on Friday (traded 2 cents above it on the screen), meaning the intraday technical is neutral. With the onshore market closed for a holiday the futures have come under pressure which our momentum indicators had suggested could be the case. The promise of more stimulus means the upside move is greater in time and price than the previous upside move, signaling underlying strength in the market. Corrective moves lower that hold at or above USD 137.96 will support a bull argument, below this level we will look to test the USD 133.25 fractal support. Momentum indicators would suggest that support is vulnerable, however based on the recent upside move, any downside move from here has the potential to be the last within this phase of the cycle. Technically bearish with a neutral bias.

Copper

Base metals tumbled after data showed Chinese and U.S. factory activity slowing down, a sign that demand may be weakening in two key centers. Last month, Chinese manufacturing and services activity fell to the lowest levels since 2020, following stringent lockdowns that have darkened the demand outlook for base metals. Aluminum and copper both slipped more than 3% to levels not seen since January, while zinc and nickel also dropped. China's top leaders have vowed to boost stimulus, but fears of a lockdown in Beijing are growing. China's economy is the world's top consumer of metals, making its performance crucial for prices (Bloomberg). The futures gapper lower on the open on the back of the weakening fundamental with price failing to recover during the day. The bearish EMA band on the intraday technical is well spaced implying the trend is stable but the futures remain in divergence with the RSI; however, the RSI is at 30.8, if we below 27.74 the divergence will fail. Technically bearish with intraday and daily technical continuing to weakening, meaning focus is now on the divergence and whether it will fail.

Capesize

On the roll into the May futures the carry was at USD 16k, resulting in the futures correcting nearly USD 10,000. We find ourselves in a similar situation in the June, as the carry is currently at USD 15,466; however, there is a subtle difference, the futures have rolled and moved higher to push the carry to this level rather than immediately correcting, indicating there remains a bull bias in the market. At over 15k the carry is unsustainable, and today's index did disappoint as it was only USD 91 higher at USD 17,804. If we get bull numbers tomorrow then the futures could enter a holding pattern and perhaps even push a little, if we get a bad number then we could see a technical pullback. Bullish but not a buy due to the carry, the behavioral pattern is different to that of a month ago, which is warning we could see the bull numbers from the index that the market is expecting; however, until we do we remain vulnerable to a downside move. Good index numbers are now needed, the upside move today would suggest they could be coming.

Panamax

The index is turning to the buy side with price USD 148 higher today at USD 28,125, this has filtered through to the June futures which closed the day USD 375 higher at USD 28,125. The intraday technical is bullish but the daily has a neutral bias supported by the EMA band which is flat. Upside moves above the USD 29,375 will target the USD 30,750 resistance, if broken it would suggest the futures are in a bullish impulse wave 5. Likewise, below USD 24,750 the USD 22,750 fractal support could come under pressure, if broken then we are looking at a complex corrective wave, warning the USD 16,425 support is vulnerable. From an Elliott wave perspective and the flat moving averages this technical is neutral, the futures have not confirmed a bullish impulse wave 5 meaning we remain vulnerable at this point.

Supramax

A bit of a neutral index today with price coming in USD 16 lower at USD 30,058, we are now moving sideways meaning we are in balance here. If we push on and hold above the USD 29,975 level then we still target the USD 33,366 high; however, if we close below this level then momentum will be seen to be weakening based on price, warning we could enter a corrective phase. In the June future we have seen price follow the rest of the complex higher, to close the day up USD 450, at USD 32,450. The pullback from 38k has held the 200-period daily MA with the futures producing a bullish 3 wave corrective pattern, making USD 28,250 a key level to follow. If the futures break the support, then the correction is a complex Elliott wave 4, if support holds and trades above 33,250, we target the USD 36,000 resistance, above this level would suggest we are in a bullish impulse wave 5; however, this is only really confirmed above the USD 38,000 level, at this point we target the USD 42,250 high.

Oil

The OPEC cartel -- which has struggled for many months to revive oil supplies halted during the pandemic -- effectively failed to increase output at all last month, as members remained plagued by capacity constraints. While Iraq made a substantial boost, countries such as Libya and Nigeria saw their production fall amid operational disruptions and diminished investment, according to a Bloomberg survey. Even group leader Saudi Arabia didn't hike by as much as permitted by their agreed quota. International crude prices are holding near \$105 a barrel as OPEC's struggle is exacerbated by a de facto embargo on Russian supplies by many refiners following the invasion of Ukraine. The lofty price levels are feeding into an inflationary spike that's battering consumers and threatening growth, alarming policy makers around the world. Key consumers such as the U.S. have grown exhausted with pressing the Saudis to fill in the supply gap and taken to deploying emergency oil reserves. The kingdom's refusal to open the taps is partly driven by political loyalty to Moscow, with which it jointly leads the "OPEC+" alliance of consumers that meets this week (Bloomberg). With many European markets closed yesterday the futures dipped a little in the morning before rallying in the U.S session. The trend remains technically bullish, but the futures on the daily chart are trading within the EMA support band which remains flat, indicating a neutral bias. Upside moves above USD 114.84 will support a bull technical, suggesting the USD 123.74 level could be tested; however, if the USD 99.48 – USD 96.93 support zone is broken then the corrective move becomes complex, warning the USD 90.12 support could be tested.

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