

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	32750	36250	10.7%	Pmx 1 month forward	28125	29050	3.3%
Cape Q322	36700	38125	3.9%	Pmx Q322	28200	28925	2.6%
Cape Cal 23	23350.5	24050	3.0%	Pmx Cal 23	17275	17750	2.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	32450	33250	2.5%	Brent	104.97	108.81	3.7%
Smx Q3 22	30125	31200	3.6%	WTI	102.41	106.38	3.9%
Smx Cal 23	17500	17775	1.6%	Iron ore	150.77	142.8	-5.3%

Iron Ore

Source FIS/Bloomberg

Iron ore fell for the first time in five sessions as a deepening slump in China’s property market and fears that tight Covid-19 restrictions will spread across the country damped the demand outlook. Futures for the steel-making ingredient dropped almost 4% in Singapore as markets re-opened after a four-day weekend. Chinese trading starts again on Thursday. China’s home sales plunged 58.6% in April from a year earlier, according to data released Saturday. Beijing, meanwhile, is deploying an increasingly hardcore playbook to try and prevent a Shanghai-style lockdown (Bloomberg). Having previously noted that the RSI had suggested the USD 133.25 support could be tested, the May futures have gapped lower today to USD 139.50, albeit on thin volume due to the onshore market being closed. We also noted that the recent test to the upside was greater in time and price than the previous upside move, indicating there is an underlying strength in the market, suggesting that this could be the last downside move within this phase. Technically bearish with key support at USD 133.25, upside moves above USD 143.30 will mean the intraday technical has entered bull territory.

Copper

Industrial metals were mixed as investors braced for the U.S. Federal Reserve’s rate decision while assessing knocks to demand from China’s Covid-19 lockdowns. The Fed is widely expected to raise rates by 50 basis points later Wednesday and detail plans for the reduction of its balance sheet. Markets will be focused on whether Chair Jerome Powell’s commentary contains any hawkish surprises that could stoke concerns about the threat of a slowdown in the U.S. as borrowing costs climb. Copper on the London Metal Exchange wavered between gains and losses, while aluminium jumped as much as 2.5%, its biggest intraday jump since March 30 (Bloomberg). As noted in the morning report the intraday trend remains technically bearish, however as the market awaited the Fed decision later today the futures had the potential to lack direction. Price did trade below yesterday’s low but has since move higher to trade within the opening range. Bearish but in divergence, all eyes will now be on the USD basket to see how it reacts to Powell’s comments.

Capesize

We noted yesterday the subtle difference in the June roll compared to the May roll. The June moved higher despite a 12.5k carry whilst the May moved lower, suggesting we could be about to see the index turn to the upside. The index is USD 1,431 higher today at USD 19,235; however, the June futures are up USD 3,125 at USD 35,875. Yesterday we noted the futures could consolidate or move a little higher on a positive index, the 3k plus move was beyond our expectations as the carry has widened to USD 16,640. We will need a much bigger index tomorrow for prices to hold at these levels. The index RSI is at 59.41, for the index to run it will need to move above 64, making this a key level to follow. If the 64 level is broken then the index has the potential to close the carry, if it holds the futures will need to correct. From a technical perspective we are bullish but cannot advocate the June futures as a technical buy at these levels.

Panamax

The index has firmly turned to the buy side today with price USD 525 higher at USD 25,780. The June futures have subsequently moved higher with price closing the day at USD 29,125, just below the USD 30,750 fractal resistance. Upside moves above this level will target USD 30,750, if broken the probability of this being a bullish impulse wave 5 will increase; however, the futures will need to trade above USD 33,625 to confirm this, at this point we target the USD 41,550 high. 3-year average values on the seasonality chart do enter a corrective phase soon, but the longer-term trend leans to the buy side. Technically bullish we need to trade above USD 29,375 in the near-term.

Supramax

The index is flat again but continues to hold in bull territory, for more information on the technical please follow the link. Supramax Technical Report 04/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-4-PAGE-TECHNICAL-REPORT-SUPRAMAX-04-05-22.pdf>

Oil

The European Union proposed a ban on Russian crude oil phased in over the next six months, part of the bloc's sixth package of sanctions as President Vladimir Putin seeks to cement military gains in Ukraine. Germany threw its weight behind the EU plan, though Hungary said it won't back the proposal as it stands, and other nations asked for more flexibility. The Kremlin called the measure a "double-edged sword" as it will impact households. The EU is also proposing to cut off Sberbank and other lenders from the international SWIFT messaging network used by financial institutions (Bloomberg). The futures moved higher on the back of the news to trade up to USD 109.73 before pulling back a buck in the U.S session. The intraday technical is bullish, corrective moves lower that hold at or above USD 106.35 will support a bull argument, below this level the futures will have a neutral bias. Based on the RSI being above 50 with the slope of its moving average point in an upward trajectory, we would expect support levels to hold if tested. (Support USD 107.78, USD 107.17, and USD 106.35).

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