

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	36250	37425	3.2%	Pmx 1 month forward	29050	29750	2.4%
Cape Q322	38125	38675	1.4%	Pmx Q322	28925	29250	1.1%
Cape Cal 23	24050	24225	0.7%	Pmx Cal 23	17750	17925	1.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33250	33500	0.8%	Brent	110.22	109.73	-0.4%
Smx Q3 22	31200	31350	0.5%	WTI	107.55	107.08	-0.4%
Smx Cal 23	17775	17900	0.7%	Iron ore	142.85	144.85	1.4%

Iron ore

Source FIS/Bloomberg

Having moved higher in the Asian day session the May futures have since come under pressure on the back of falling equities and a rising USD basket. Price failed to trade above the USD 147.10 resistance due to a negative divergence on the RSI on the 1-hour chart, resulting in price closing the day at USD 143.95. As noted on the morning technical there is evidence of underlying support in the market, but the RSI low on the 25/04 is leaving the futures vulnerable to further tests to the downside. A conflicting technical, it is weak and should test downside support, but this is potentially the last move down within this phase.

Copper

We have had a bit of a brutal afternoon here on the back of the rising USD basket today. At lunchtime the headline was ‘Copper climbs on Fed as China and Supply Risks Weighed’. Price moved higher on the Asian open meaning the futures had a neutral bias within a bearish trending environment. However, we found resistance at the intraday EMA band with the futures going into the close trading on the daily pivot point, if we trade below USD 9,479 it could weaken the technical further, be on the lookout for a positive divergence if we trade below USD 9,375 as this could result in buying support in the market.

Capesize

We have spent a lot of time focusing on the carry and seasonality recently, and both remain a concern. The index is USD 3,334 higher today at USD 22,569 and at the lower end of expectations so did disappoint, a little; however, the index RSI has moved above 64. Historically this is a strong signal from the index and suggests the carry could narrow significantly in the coming days providing the index behaves and produces one of its classic bull runs. The paper is bullish with downside moves considered as countertrend. For more information on the technical please follow the link. Capesize Technical Report 05/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-05-05-22.pdf>

Panamax

The index is now in full bull mode today with price USD 870 higher at USD 26,650 which is supporting the June futures. The paper initially struggled with price failing a couple of times to hold the USD 29,700 level, however going into the close the futures are again moving higher with price trading up to USD 29,750. If you look at the moving average on the RSI this is sloping higher, suggesting that downside moves should find buying support if we correct. It is not a guarantee that any correction will be countertrend, but I would not be selling into this momentum, as I think there is further upside to come. Technically bullish.

Supramax

Geared shipping has been in favour in recent months, and this has been a factor in supporting the Supramax sector alongside the coal trade. However, as the freight market looks to be entering a bull cycle there is one noticeable absence and that is the Smx index which is again flat today at USD 30,053. The June futures performed on the open but with USD 3.5k carry and stagnant index the upside moved is struggling to hold. Price will close the day USD 250 higher but will open tomorrow on an intra-day trend line, if we do not push in the morning, we could see the futures enter a correct phase on a trendline break. On the plus side, like the Panamax the moving average on the RSI has a nice slope suggesting Fibonacci support levels should hold in the near-term if tested.

Oil

The Biden administration announced a plan Thursday to begin purchasing oil to refill the nation's emergency reserve. The Energy Department will start the buyback process with a call for bids for 60 million barrels this fall, though the actual deliveries won't take place until sometime in the future. President Joe Biden in March ordered the release of a historic 180 million barrels -- a million barrels of oil a day for six months -- in an effort to tame oil and gas prices that have skyrocketed after Russia invaded Ukraine. "As we are thoughtful and methodical in the decision to drawdown from our emergency reserve, we must be similarly strategic in replenishing the supply so that it stands ready to deliver on its mission to provide relief when needed most," Energy Secretary Jennifer Granholm said in a statement. The delivery window for this first tranche of purchases will likely be after fiscal year 2023, taking into account market structure and dynamics, a person familiar with the matter said. This buyback is aimed at replenishing part of the 180 million barrels that had been earmarked for release during May-October (Bloomberg). When I wrote the morning technical, I highlighted that the futures would target the USD 114.84, I also noted there was a need for a technical pullback. I meant it to happen the other way round, a technical pullback followed by the futures then cracking on in a bull rally. The report from the Biden administration resulted in the futures trading to a high of USD 114.00 before producing an aggressive correction, with price currently trading at USD 109.45, down 70 cents on the day. If we stay at these levels then we will have a bearish rejection candle in the futures, warning of lower pricing tomorrow. Technically the futures are now neutral and look like we could trade back into the EMA support band. However, if we do close with a bearish rejection candle and then proceed to trade above USD 114.00, it will have bullish implications going forward.

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