

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	37425	37375	-0.1%	Pmx 1 month forward	29750	29125	-2.1%
Cape Q322	38675	38300	-1.0%	Pmx Q322	29250	29250	0.0%
Cape Cal 23	24225	23750	-2.0%	Pmx Cal 23	17925	17975	0.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	33500	33375	-0.4%	Brent	110.9	113.38	2.2%
Smx Q3 22	31375	31250	-0.4%	WTI	108.26	111.03	2.6%
Smx Cal 23	17900	17875	-0.1%	Iron ore	145.2	138.44	-4.7%

Iron Ore

Source FIS/Bloomberg

Iron ore flipped to losses as risk aversion across financial markets escalated and investors assessed the demand prospects in top consumer China. Stocks slid with bonds Friday as inflation, rising borrowing costs and China’s virus lockdowns depressed sentiment. The outlook for iron ore is being complicated by the country’s Covid-zero target. At a meeting held Thursday, the Politburo reiterated its support for a lockdown-dependent approach to contain the virus. That follows President Xi Jinping’s bold commitment last week to boost infrastructure construction to rescue economic growth, which has come under pressure from the nation’s Covid strategy (Bloomberg). The May futures are now testing key support levels, downside moves that trade below USD 136.21 will target the USD 133.25 low. Likewise, upside moves that fail at or below 143.13 will leave the futures vulnerable to further tests to the downside. We maintain or view the USD 133.25 level continues to look vulnerable.

Copper

Copper headed for a fifth weekly loss, its longest losing streak in more than two years, as U.S. monetary tightening and China’s Covid-19 outbreaks darkened the demand outlook. All major base metals fell on the London Metal Exchange as stocks and bonds slid and the U.S. dollar rose, while accelerating inflation, rising borrowing costs and lockdowns in China depressed sentiment. Higher inflation will boost commodities including metals’ appeal as an inflation hedge, but a potential slowdown in demand from top consumer China outweighs metals’ appeal (Bloomberg). The futures remain in a bearish trending environment with price below the EMA resistance band. The new low today means we have a positive divergence on the intraday technical and a more minor divergence on the daily chart. Upside moves that fail at or below USD 9,634 will remain vulnerable to further tests to the downside, above this level the futures will have a neutral bias. The technical is bearish but the divergence will need to be monitored as it warns we have the potential to see a momentum slowdown.

Capesize

The index continues to move higher with price up USD 1,433 to USD 24,002. Expectations were for higher a higher index, but the June futures remain supported regardless with price closing the day down only USD 175. The rising index and lower futures mean the disparity is now at USD 13,248. Downside moves that hold at or above USD 28,510 will support a bull argument, below this level the futures have a neutral bias. As noted on the technical yesterday seasonality is due to turn lower but the move in the index RSI above 64 supports a bull argument. If the RSI drops below 64 we could see the futures enter a corrective phase; however if it holds above this level then the index should look to move higher. Technically bullish with downside moves considered as countertrend.

## Panamax

A technical today, there are a few warning signals appearing regarding a correction, so it might be worth a little read. Panamax Technical Report 06/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-06-05-22.pdf>

## Supramax

The index continues to flatline with price USD 29 lower today at USD 30,024. The futures opened on the wrong side of the intraday trend support this morning, resulting in price trading down to USD 33,200 before closing the day USD 125 lower at USD 33,375. The technical and the trend are bullish, however the break in the support line is warning we could be entering a corrective phase. Downside moves that hold at or above USD 31,935 will support a bull argument, below this level the futures will have a neutral bias. Mondays pivot point will be at USD 33,383, if we open below this level, it will further warn that we could be entering a corrective phase. If we open above it, then the intraday trend resistance could be tested.

## Oil

European Commission President Ursula von der Leyen expressed confidence that the European Union will reach a deal on a Russian oil embargo after proposing to give Hungary, Slovakia and the Czech Republic more time to comply with the proposed ban. Hungarian leader Viktor Orbane earlier compared the proposal for a ban by year-end to a “nuclear bomb” being dropped on his nation’s economy (Bloomberg). A mixed day in the futures as the morning technical did warn we could be about to enter a corrective phase. Price moved lower but held above USD 110.65, supporting a bull argument. If we trade above the high of yesterday’s resistance candle (USD 114.00) then price should trade above the USD 114.84 fractal resistance as this is a technical breakout (Larry Williams). Technically bullish, key resistance levels to follow are USD 114.00 and USD 114.84 with support at USD 110.65.

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