

FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change
Cape 1 month forward	37500	36500	-2.7%
Cape Q322	38500	37625	-2.3%
Cape Cal 23	23688	24750	4.5%

	Previous Close	Current Close	% Change
Pmx 1 month forward	29175	28225	-3.3%
Pmx Q322	29500	28250	-4.2%
Pmx Cal 23	17925	17425	-2.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	33500	32750	-2.2%
Smx Q3 22	31250	30500	-2.4%
Smx Cal 23	18000	17325	-3.8%

	Previous Close	Current Close	% Change
Brent	105.94	102.4	-3.3%
WTI	103.09	99.64	-3.3%
Iron ore	129.33	126.44	-2.2%

Iron Ore

Source FIS/Bloomberg

The Covid situation in China remains bleak with the Financial Times reporting that China risks unleashing a “tsunami” of coronavirus infections that could overwhelm its healthcare system and cause 1.6mn deaths, if it abandons its zero-Covid strategy, according to new modelling projections. The futures remain under pressure in the June contract with upside moves looking like they will find selling resistance a higher level. For more information on the technical please follow the link. Iron Ore June 22 (rolling Front Month) 10/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-Technical-Iron-Ore-10-05-22.pdf>

Copper

Copper rose in London, bucking more declines in other industrial metals driven by mounting concerns about demand around the world. Metals have been weighed down by worries over the economic fallout from strict Covid-19 lockdowns in top user China as authorities continue to tighten restrictions. There are also growing warnings that major economies including the U.S., Germany and the U.K. are tilting toward recession, at a time when the Federal Reserve is tightening monetary policy to rein in rampant inflation. Copper has slipped 14% since hitting a record in early March as investors see greater risks on the demand side for now. Prices rose as much as 1.9% on Tuesday amid slightly better sentiment across markets, before paring some of the gain. Other base metals from aluminium to nickel dropped more than 1% (Bloomberg). The futures remain technically bearish and vulnerable to further tests to the downside; intraday Elliott wave analysis would suggest we are now on wave 5 of C, meaning downside moves have the potential to soon exhaust. The Elephant in the room is Covid in China, any escalation in infection rates would warn of potential wave extension; however, based on the cycle in front of us the futures have potentially limited downside from here.

Capesize

The index remains bullish with price over USD 6,000 higher since we broke the RSI resistance, up USD 2,291 today at USD 28,703. The June futures however have come under selling pressure with price USD 1,000 lower at USD 36,500 on the back of the negative divergence with the RSI, highlighted in the morning technical. This is a key support, as downside moves below this level will mean the futures are in a corrective phase with near-term support at USD 32,865, below this level we target the USD 31,125 and USD 28,765 levels. Technically we are now in balance and on the cusp of entering a larger corrective phase, as previously noted we see corrective moves as countertrend, however if we trade below USD 28,765 the futures will have a neutral bias. Capesize V Panamax spreads today. Cape v Pmx Technical Report 10/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-3-PAGE-TECHNICAL-REPORT-CAPE-v-PMX-10-05-22.pdf>

Panamax

The index is USD 398 higher today at USD 28,155 signalling we are seeing a momentum slowdown based on price. This has filtered through to the June futures which have traded below the USD 28,875 support level, meaning the technical is now corrective. Downside moves that hold at or above USD 26,620 will support a bull argument, below this level the futures will have a neutral bias. This is a key level going forward as the daily technical is neutral, for it to be a bullish impulse wave 5 on the daily technical price needs to trade above USD 33,625, at this point we remain technically vulnerable to further downside moves. Same spread as above but just in case you don't read the cape comment Cape v Pmx Technical Report 10/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-3-PAGE-TECHNICAL-REPORT-CAPE-v-PMX-10-05-22.pdf>

Supramax

The index is USD 153 higher today at USD 30,210, but with the larger vessels coming under pressure, the SMX has followed suit. As noted on the morning technical, although bullish we were seeing warning signs that the futures could soon enter a corrective phase, based on the negative divergence on the intraday technical on the open. The futures have traded below USD 33,200 to close at USD 32,750, downside moves that hold at or above USD 32,000 will support a bull argument, below this level the futures will have a neutral bias, warning the USD 30,750 fractal support could be tested. Currently we are corrective, like the Panamax the futures needed to trade above USD 38,000 to confirm we are in a bullish impulse move, if we trade below USD 28,250 then the probability of the futures trading down to the USD 17,425 low will increase. This goes against the seasonality chart so will need to be treated with caution, but the upside move that started on the 24/2/22 was shorter in length than the bull wave that started on the 19/01/22. Wave 3's cannot be the shortest wave, so any subsequent wave 5 will have to be less than USD 11,250 in length, meaning a corrective move here must hold above USD 31,000, if it does not the probability of a bearish move will increase, as the ability to trade above the USD 42,250 high from an Elliott wave perspective would not be possible. It is important to note that Elliott wave is a psychological footprint of the market, it is not perfect, but as a guide I would be very cautious if we trade below USD 31,000.

Oil

Oil dropped alongside equities as inflation and economic growth concerns continued to loom over markets while European Union members discuss Russian oil sanctions. West Texas Intermediate dropped to below \$100 a barrel after falling 6% Monday. The dollar advanced while equities edged lower amid worries over tighter monetary policy and an economic slowdown. French President Emmanuel Macron and Hungarian Prime Minister Viktor Orban discussed energy security on Tuesday as the European Union seeks to persuade Budapest to drop its opposition to proposed sanctions on Russian oil imports. Falling oil prices "suggests economic growth concerns and further crude demand destruction will not be going away anytime soon," said Ed Moya, senior market analyst at Oanda (Bloomberg). As noted in today's technical, we are neutral but looking vulnerable. For more information, please follow the link. FIS Technical – Brent July 22 10/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-Technical-Oil-Report-10-05-22.pdf>

Ed Hutton

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

EdwardH@freightinvestor.com