

FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	36250	34250	-5.5%
Cape Q322	36375	36000	-1.0%
Cape Cal 23	22438	22400	-0.2%

	Previous Close	Current Close	% Change
Pmx 1 month forward	27375	27625	0.9%
Pmx Q322	27925	28325	1.4%
Pmx Cal 23	17150	17500	2.0%

	Previous Close	Current Close	% Change
Smx 1 month forward	30875	31250	1.2%
Smx Q3 22	30125	30450	1.1%
Smx Cal 23	17200	17475	1.6%

	Previous Close	Current Close	% Change
Brent	113.84	113.76	-0.1%
WTI	110.26	110.03	-0.2%
Iron ore	129.1	130.75	1.3%

Iron ore

Source FIS/Bloomberg

Steel inventories in China, the world's top producer, usually fall during Spring due to higher demand. Not this year, with a spike in supply pointing to demand destruction as the country's stringent Covid-zero policy dampens consumer spending. For stainless steel, in the major trading hubs of Foshan and Wuxi early this month, inventories of the metal used in home appliances reached 780,000 tons -- the highest level since March 2021 and most at this time of year since at least 2016, according to data from researcher Mysteel Global. While they fell to 752,000 tons by May 19, that's still up 15% from the same day last year (Bloomberg). Technically we are unchanged since yesterday with the June contract producing a bit of random price movement on the back of the inventories data. The technical remains bullish based on price but with a neutral bias, upside moves that fail at or below USD 134.70 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 139.15 fractal resistance.

Copper

As noted in the morning report, the downside move yesterday failed to hold but warned that market sellers were becoming emboldened. We noted that the futures were trading at the daily resistance band with price starting to roll over, warning we could be about to enter a corrective phase. Price has moved lower today to a low of USD 9,304 before finding support, meaning intraday support levels are holding. The futures are corrective but the intraday technical remains bullish above USD 9,297, below this level it will have a neutral bias, only below USD 9,159.50 is the intraday bearish.

Capesize

The index continues to come under pressure with price USD 2,495 lower today at USD 33,069. What does this mean for the technical, to find out you will need to click on the link. Capesize Technical Report 25/05/22 <https://fisapp.com/wp-content/uploads/2022/05/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-25-05-22.pdf>

Panamax

The index continues to weaken with price USD 927 lower today at USD 27,692. An interesting day in the June futures, price opened lower at USD 26,875 meaning fractal support was broken, price has made a lower low meaning the technical is bearish. The futures immediately went bid on the E.U open resulting in the futures moving USD 1,000 higher to close the day at USD 27,625. Upside moves that fail at or below USD 28,522 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. The RSI and its MA are below 50, warning momentum is weak, the MA sloping lower; this would suggest that resistance levels should hold if tested. Near-term support is now at USD 24,750 but key support is at USD 22,750, if broken the technical will start to look very vulnerable, suggesting the USD 16,425 low would become a legitimate downside target for market sellers. Technically bearish based on price, the futures have a neutral bias based on the longer-period EMA's (30-60) which remain flat.

Supramax

The index continues to move higher, but we are seeing a momentum slowdown, price is USD 57 higher today at USD 31,168. The downside move in the June futures traded below the USD 30,750 fractal support today, meaning we have entered bearish territory. Price opened lower but like the Panamax the futures moved higher during the day, to close up USD 375 at USD 31,250. Upside moves that fail at or below USD 31,976 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Near-term support is at USD 28,250 with key support at USD 26,750, if we trade below this level then it will confirm our suspicion that the upside move this year has been part of larger corrective phase, rather than bullish impulse. Technically we are bearish based on price but we remain above key support levels.

Oil

We noted on the morning report that the futures were technically bullish, but there were warning signs that we could enter a corrective phase soon. Price has entered a corrective phase with the futures trading below the USD 113.56 support, meaning the intraday technical has a neutral bias, below USD 112.85 the intraday 1-hour technical is bearish. The RSI is now at 48.5 with the stochastic in oversold territory, if the RSI can move above and hold above the 50 level, then momentum is vulnerable to a test to the upside. However, upside moves that fail at or below USD 114.52 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 115.30 fractal resistance. Technically bullish but with a neutral bias, price still needs to close above and hold above the USD 114.00 level if it is to gain buy-side momentum.

Ed Hutton

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

EdwardH@freightinvestor.com