



European Close

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

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	24250	26000	7.2%	Pmx 1 month forward	22050	23450	6.3%
Cape Q322	27875	29250	4.9%	Pmx Q322	22600	23450	3.8%
Cape Cal 23	18800	19325	2.8%	Pmx Cal 23	15187.5	15300	0.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	25750	26875	4.4%	Brent	111.74	110.24	-1.3%
Smx Q3 22	25750	26750	3.9%	WTI	106.19	104.51	-1.6%
Smx Cal 23	15750	16075	2.1%	Iron ore	108.14	116.15	7.4%

Iron Ore

Source FIS/Bloomberg

Iron ore advanced from its lowest close in more than six months after President Xi Jinping pledged to achieve economic goals for the year, despite pandemic and property headwinds. China's leader re-iterated the country's "social and economic development targets" at a business forum on Wednesday, after months of turmoil that's prompted economists to slash their growth forecasts (Bloomberg.) The upside move in the July futures means we now looked to have completed the bearish extended wave 3, with price now in a countertrend wave 4. Upside moves that fail at or below USD 125.06 will mean the futures are vulnerable to a test to the downside, above this level the technical will have a neutral bias. Technically this move looks to be countertrend; however, we should point out that the Elliott wave is based on the psychological footprint of the market, wave counts can and do fail, especially when President Xi is involved, as he previously broke the bull cycle last year. We think there will be more downside, but a note of caution due to the comments.

Copper

Copper and tin extended declines to the lowest in more than a year as mounting worries about the risk of a US recession weighed on industrial metals and other risk assets. Base metals have dropped this month on the prospect of a global economic slowdown leading to weaker demand, as central banks around the world tighten monetary policy to rein in inflation. Commodities demand has also been pressured by anti-Covid measures in major user China (Bloomberg). As noted on the morning technical report, the positive divergence failed yesterday with the RSI making a new low, suggesting we could be seeing some form of wave extension to the downside, with resistance levels looking like they could hold if tested, the downside moves this afternoon means we are now trading below an intraday channel support, warning we could test the USD 8,258 level.

Capesize

A positive index today with price USD 631 higher at USD 20,061, resulting in buy-side support in the July futures today. Price has closed USD 1,750 higher at USD 26,000, meaning we have closed above the high of yesterday's low candle, warning that resistance levels could be tested in the near-term. However, upside moves that fail at or below USD 29,647 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Technically bearish with the RSI making new lows suggesting upside resistance levels should hold if tested.

Panamax

The index continues to weaken with price USD 578 lower today at USD 23,256. However, we noted yesterday on our technical report that the speed of the downside move in the futures was a concern and warned that fresh shorts should be cautious of a short-term bounce. The July contract has moved USD 1,400 higher to close the day at USD 23,450, meaning we have an inside day candle pattern. If we trade above the USD 23,625 high tomorrow, then we have the potential to test the intraday resistance levels from the morning technical point. Just a point of note, inside days tend to work better in the direction of the trend, but it is worth keeping an eye out for an upside breakout, likewise if we trade below the USD 22,125 low, we should expect further selling pressure. Upside moves that fail at or below USD 25,132 will leave the futures vulnerable to further tests to the downside, above this level the futures will have a neutral bias. Technically bearish with upside moves considered as countertrend at this point. The futures have closed above index values, if we can hold above then the USD 25,132 resistance could come under pressure.

Supramax

We had been unconvinced that the index values would hold due to the lack of buy-side momentum, resulting in price moving USD 101 lower today, to close at USD 27,123 meaning momentum based on price is aligned to the sell side; however, this will need confirmation from a lower close tomorrow. The July futures followed the rest of the freight complex higher with price closing above the high of yesterday's low candle, warning that we could see a test to the upside. However, like the Panamax the downside moves this week have broken major support levels, suggesting upside moves are likely to be countertrend. Upside moves that fail at or below USD 28,225 will leave the futures vulnerable to further tests to the downside.

Oil

The most closely watched oil data in the world -- the US government's Weekly Petroleum Status Report -- won't be released as planned this week because of system issues stemming from a power problem. The Energy Information Administration has delayed the release of all but its Weekly Natural Gas Inventory report planned this week after electricity issues caused an unspecified hardware failure. "It won't be this week," spokesman Chris Higginbotham said Wednesday of the delayed reports, adding that there were no estimates for when they would be issued (Bloomberg). The lack of a report has left the futures trading water, the upside move failed below our morning resistance level (USD 113.07), resulting in price moving lower into the close. The technical remains bearish on the intraday whilst the daily futures are below the EMA support band. A bullish rejection candle yesterday we are trading with yesterday's range at this point. Downside moves below USD 107.03 would suggest the technical has the potential to weaken further.

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

EdwardH@freightinvestor.com