FIS

European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	28175	26900	-4.5%
Cape Q422	27250	26000	-4.6%
Cape Cal 23	18800	18525	-1.5%

	Previous Close	Current Close	% Change
Pmx 1 month forward	22250	20875	-6.2%
Pmx Q422	20500	19625	-4.3%
Pmx Cal 23	14625	14300	-2.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	24750	23500	-5.1%
Smx Q4 22	20650	19800	-4.1%
Smx Cal 23	15525	15200	-2.1%

	Previous Close	Current Close	% Change
Brent	113.83	103.05	-9.5%
WTI	108.46	99.32	-8.4%
Iron ore	109.25	111.85	2.4%

Source FIS/Bloomberg

Iron ore

Iron ore rose -- after dropping 12% in a four-day run of declines - following a report that a group of steel mills in southwestern China are trying to stabilize the market. Steel producers in the region held a meeting over the weekend to discuss measures, including limiting output, according to a statement from the Wechat account of Sichuan Metallurgical Group, one of the companies that attended. While cutting production would damp demand for iron ore, improving the financial situation at mills might be good for the steel-making ingredient in the longer term (Bloomberg), I'm not sure how cutting output will support the near-term market, which is probably why the upside move in the August contract has failed to hold. Price traded up to the Fibonacci resistance zone but has come under pressure in the night session. We maintain our view that wave analysis is bearish, suggesting we should test the USD 101.78 support and potentially lower.

Copper

Energy and mining stocks plunged Tuesday as West Texas Intermediate crude oil futures dropped as much as 5.7% and copper fell as much as 5.3% on the growing risks of a recession (Bloomberg). Our Elliott wave analysis suggests we have a potential downside target of USD 7,498 for this phase of the cycle and this is looking like it could be achieved in the coming days. We need to monitor the intraday technical for divergences as they are currently failing on the RSI, warning we could potentially extend to the downside; however, my MACD remains intact at this point, making for an interesting few days ahead, as the technical is conflicting at this point. Technically bearish with a near-term target at USD 7,498, if we move much below this level the cycle could extend.

Capesize

Another bearish day in the index with price USD 1,198 lower at USD 17,283. As noted on the morning report yesterday, the August contract traded below the base of the rejection candle (USD 28,250) warning the futures were in the early stages of a corrective phase. Price is holding above the top of the Fibonacci support zone at this point with downside moves that hold at or above USD 23,897 supporting a bull argument, below this level the technical has a neutral bias. Technically bullish due to the roll with momentum to the sell side, warning that support levels are looking vulnerable. On the bull side of the argument RSI is near neutral at 49 with the stochastic oversold, if the RSI can move above 50 then momentum will be vulnerable to a test to the upside.

Panamax

The index is USD 254 lower today at USD 20,679 resulting in the August futures coming under pressure on the open. The opening candle today closed below the 3 small bullish intraday candles we saw yesterday afternoon. This overtaking candle warned the futures had the potential to move lower and supports our bearish Elliott wave cycle. Near-term support is at USD 19,875; however, using the William's approach we have the potential to trade as low as USD 17,111 within this phase of the cycle. Technically bearish, we maintain our view that upside moves should be considered as countertrend at this point.

Supramax

Like the rest of the freight complex, we had a negative index today with price coming in USD 186 lower at USD 24,917. The August contract sold of on the open with price testing the USD 23,375 low, suggesting we are in a bearish wave 5 of this phase of the cycle. Downside moves below USD 23,375 have the potential to trade as low as USD 21,714 in the near-term. Technically bearish, we now look to be on wave 5 of a larger Elliott wave 3, suggesting upside moves should still be considered as countertrend at this point. Note, the futures are back trading below index values, again, supporting a near-term bearish argument.

Oil

West Texas Intermediate crude futures dropped below $100 a barrel for the first time since May 11 as concerns grow that a global economic slowdown will ultimately hobble demand. Traders are worried about the impact of sharply higher US borrowing costs, as the Federal Reserve embarks on a series of interest-rate hikes intended to cool inflation (Bloomberg). A big move lower in Brent today with market longs looking like that may have decided to exit in mass, as the futures are USD 10.00 down on the day and USD 8.00 lower in the last 3-hours. Previously the technical had been bullish but with a neutral bias on the daily chart whilst bearish with a neutral bias on the intraday chart. However, the downside moves today below USD 105.70 means we have traded below the base of the dominant bear wave that has been in place for a month or more, the technical is now bearish. Near-term support is now between USD 99.48 and USD 96.93, if broken the USD 90.12 low form the 18/02/22 will be vulnerable.

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