FIS

European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	28750	28500	-0.9%
Cape Q422	27200	26750	-1.7%
Cape Cal 23	18825	18600	-1.2%

	Previous Close	Current Close	% Change
Pmx 1 month forward	19750	18900	-4.3%
Pmx Q422	18950	18375	-3.0%
Pmx Cal 23	13875	13675	-1.4%

	Previous Close	Current Close	% Change
Smx 1 month forward	21750	21000	-3.4%
Smx Q4 22	18875	18375	-2.6%
Smx Cal 23	14400	14287.5	-0.8%

	Previous Close	Current Close	% Change
Brent	104.65	107.13	2.4%
WTI	102.73	104.79	2.0%
Iron ore	113.54	112.91	-0.6%

Source FIS/Bloomberg

Iron ore

Iron ore headed for a weekly decline in Singapore as commodities offered a muted response to the prospect of China accelerating the use of special bonds to spur infrastructure spending. China's Ministry of Finance is mulling a decision to allow local governments to issue 1.5 trillion yuan ($220 billion) of special bonds in the second half, according to people familiar with the matter. That's an attempt to shore up an economy hammered by virus lockdowns and an ailing property market. But there's some scepticism on whether this will deliver a big-bang stimulus this year. It will take a few quarters for investments to translate into real construction and then GDP, said Peiqian Liu, chief China economist at NatWest Group Plc (Bloomberg). The futures came under pressure in the evening session, but we remain above the USD 109.65 support in the August contract, below this level we target the USD 106.45 low. Upside moves above USD 115.75 will target the USD 125.10 fractal resistance on the daily chart, only above this level is the higher timeframe technical bullish.

Copper

Copper headed for a fifth weekly loss as concerns over global growth prospects superseded the brief lift to sentiment amid the possibility of major stimulus in China. Base metals were broadly lower, with copper slightly down after surging 4% on Thursday following a Bloomberg News report that China's Ministry of Finance was considering a decision to allow local governments to issue 1.5 trillion yuan ($220 billion) of special bonds in the second half. The rally was short lived on concern that the stimulus will take time to implement and leave a budget hole for 2023 (Bloomberg). The upside move has failed to trade above the USD 8,114 resistance with price moving lower in the Asian session, we are seeing some light relief post non-farm that is leaving the futures flat to slightly lower on the day. Technically bearish with the upside moves looking to be countertrend at this point.

Capesize

The index is higher again, but the move is more subdued with price up USD 539 at USD 18,825. A bullish candle pattern yesterday resulted in the futures trading up to USD 29,500 on the open; however, price soon moved lower on light volume to close the day USD 250 lower at USD 28,500. The intraday technical is bullish on the rolling front month contract, when you look at the August futures (none rolling chart) we can see a W pattern forming, if the futures trade above USD 30,250 we have the potential see price go on a bit of a run. The futures have closed down on the week but look supported.

Panamax

The index is USD 491 lower today at USD 18,674 which has resulted in another weak day in the paper. Price is USD 850 lower at USD 18,900 with near-term support at USD 18,350, if broken we have the potential to trade as low as USD 17,111. The intraday futures continue to display a positive divergence with the RSI which will need to be monitored, the technical is bearish as it the Elliott wave which suggests that upside moves will be countertrend.

Supramax

Downside momentum in the index is increasing with price USD 437 lower at USD 23,797. The August futures produced a similar performance to the Panamax with price USD 750 lower at USD 21,000. The 4-hour RSI at 27 is suggesting the technical is overextended to the downside, however the intraday wave cycle remains bearish, suggesting any upside move from here will be countertrend. Key resistance is at USD 23,885, the technical is vulnerable below this level and neutral above.

Oil

Oil is set for a weekly loss after choppy trading in which concerns over a demand-sapping slump clashed with signals of tight supply. West Texas Intermediate was above $103 a barrel, putting the US benchmark on course for a weekly fall of 4%. Prices have swung in a range of more than $16 this week -- the biggest since March -- as both WTI and Brent briefly dropped below $100. Investors remain concerned that restrictive US monetary policy could herald a recession, and oil has been dragged lower alongside other commodities. On Friday US employment figures beat expectations, suggesting hiring needs are so far eclipsing concerns about the economic outlook (Bloomberg). The intraday technical went bullish on the 1-hour chart yesterday afternoon with momentum this morning warning we could see a test to the upside this morning. Support levels have held with price moving higher into the close, we now target the USD 109.37 and USD 109.69 resistance levels with the 200-peiord MA at USD 110.48. Bullish on the intraday if we move much higher this afternoon then the weekly candle could soon start looking like a bullish rejection candle.

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

EdwardH@freightinvestor.com