

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	28500	30000	5.3%	Pmx 1 month forward	18625	19375	4.0%
Cape Q422	27000	27750	2.8%	Pmx Q422	19000	19425	2.2%
Cape Cal 23	18875	19075	1.1%	Pmx Cal 23	14125	14150	0.2%

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Smx 1 month forward	22500	23000	2.2%	Brent	99.71	101.65	1.9%
Smx Q4 22	19050	19875	4.3%	WTI	96.47	98.16	1.8%
Smx Cal 23	14550	14900	2.4%	Iron ore	100.1	96.15	-3.9%

Iron Ore

Source FIS/Bloomberg

China is close to setting up a new state-owned group that will control all imports of steelmaking ingredients into the world's largest producer of the alloy, part of a drive to gain more control over resources needed for the country's growth at a time of rising tensions with the West. Yao Lin, who is stepping down as chairman of Aluminium Corp. of China after just three years in the role, according to a Caixin magazine report Thursday, will lead the new company, said people familiar with the plan. Mr. Yao, 56, spent most of his career at Ansteel Group, rising to be chairman of China's second-biggest steel producer before taking over at its No. 2 aluminium smelter, also known as Chinalco (Bloomberg). The trend remains technically bearish with the August futures continuing to move lower, price is back above the USD 97.80 support having traded to a low of USD 95.50. Upside moves that fail at or below USD 108.86 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.

Copper

Copper prices slide below \$7K/metric ton for the first time since November 2020, after weaker than expected economic data in China deepened fears about metals demand, as well as worries that aggressive rate hikes from central banks may cause a global recession. China's economic growth slowed to a tepid 0.4% in Q2, the weakest showing since the data series began in 1992. According to Reuters, the three-month copper contract (HG1:COM) on the London Metal Exchange slumped to as low as \$6,955/ton before paring losses to ~\$7K, -2.4%; for the week, LME copper dropped ~10% (Bloomberg). The futures remain technically bearish and in trend with price trading to a low of USD 6,955 in the morning session before finding buying support. We remain on a bearish extended Elliott wave 3 with a potential downside target as low as USD 6,423. However, as noted in the morning report the futures are in a weekly support zone that dates to around the 2019. Technically bearish upside moves that fail at or below USD 7,607 will leave the futures vulnerable to further tests to the downside.

Capesize

A big index today with price rising USD 3,834 to USD 24,209, resulting in the futures moving USD 1,500 higher to close the day at USD 30,000. For more information on the technical please follow the link. Capesize Technical Report 15/07/22 <https://fisapp.com/wp-content/uploads/2022/07/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-14-07-22.pdf>.

Panamax

It looks like the tail could be about to wag the dog as the August futures are USD 750 higher at USD 19,375, resulting in an index slowdown. Price is bearish but only USD 311 lower today at USD 15,633. We noted earlier in the week that the futures were not a technical sell due to a series of positive divergences, resulting in the upside move. The RSI is now at 50, with the stochastic in overbought territory, momentum is warning that the futures are vulnerable to a test to the downside; however, if the RSI moves above 50 the stochastic becomes less relevant. Downside moves that hold at or above USD 17,560 will support a bull argument, below this level we target the USD 16,625 low. Our wave analysis suggests that this upside move could be greater in time and price than recent moves higher, but as we close the week the technical is in balance based on momentum.

Supramax

We are seeing a momentum slowdown in the index with price only USD 127 lower at USD 22,424. The futures are above index values with the August contract USD 500 higher at USD 23,460. Technically we maintain our view that the upside moves should be countertrend, suggesting we have another test to the downside to come. However, we do have a concern with the Pmx and Smx cycle looking like they are out of sync, although we do not like this, we are going to stick with the wave cycle for now, suggesting the Pmx will narrow the gap with the Smx in the near-term.

Oil

If you read the technical report yesterday you will have seen that the futures were on a wave 5 of a longer-term wave 3, the rejection candle yesterday has resulted in the futures moving higher. We think this move will be countertrend, making USD 111.60 a key resistance to follow, the futures remain vulnerable below this level and neutral above. Technically bearish, we look to be in the early stages of a countertrend move.

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