

# FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	25750	23375	-9.2%
Cape Q422	25750	25500	-1.0%
Cape Cal 23	18400	18250	-0.8%

	Previous Close	Current Close	% Change
Pmx 1 month forward	19075	19775	3.7%
Pmx Q422	19300	20000	3.6%
Pmx Cal 23	14125	14350	1.6%

	Previous Close	Current Close	% Change
Smx 1 month forward	23450	24550	4.7%
Smx Q4 22	19925	21075	5.8%
Smx Cal 23	15075	15350	1.8%

	Previous Close	Current Close	% Change
Brent	107.27	107.11	-0.1%
WTI	103.85	104.25	0.4%
Iron ore	96.8	100.05	3.4%

Iron ore

Source FIS/Bloomberg

China has established a state-backed mineral resource group in a bid to centralize the country's iron ore imports and overseas resource investments. This could open a new chapter for China to work toward its long-standing ambition of achieving iron ore self-sufficiency and to increase its bargaining power in the market. According to Chinese company registration service Tianyancha, China Mineral Resources Group was established on Jul. 19 with a registered capital of 20 billion yuan (\$3 billion). The company is led by Yao Lin, former chairman of Aluminium Corp. of China. Its scope includes ore processing and mineral sales, imports and exports, based on Tianyancha data (Bloomberg). The futures traded down to the USD 95.50 support yesterday (low USD 95.65) before moving higher. Price is now in a consolidation phase between USD 103.20 and USD 95.50, with the futures producing little movement in the evening session. Downside moves below USD 95.50 will create a positive divergence with the RSI, not a buy signal it will need to be monitored.

Copper

Copper gained by 2% as risk appetite returned to volatile global markets, with the dollar weakening and Europe's economy set to avoid the bleakest scenarios for Russian gas supplies. The brighter mood in risk markets from equities to metals has been underpinned by an easing of the dollar in recent days. Bloomberg's gauge of the greenback's strength is on course for a fourth daily decline after surging to a record last week and reaching parity with the euro. Goldman Sachs Group Inc. has said the strong dollar was a major contributor to copper's weakness in recent months (Bloomberg). The main move of the day happened on the Asian open with price moving sideways to slightly lower in the European session. The futures are potentially in a countertrend wave 4, if this is the case that the USD 7,607 and USD 7,943 have the potential to be tested and broken.

Capesize

The index came in USD 1,491 lower today at USD 22,522 putting further pressure on the futures. As noted yesterday the USD 25,500 support was looking vulnerable going into the close, as the downside move yesterday had little buying support, warning we had the potential to see lower pricing today. The futures opened below the USD 25,500 fractal support indicating the technical was bearish. The bulk of the downside move came in the opening session with price trading to a low of USD 23,825 on the European open. Post index we did see some small buying support. However, it failed to hold with price closing the day at USD 23,375, down USD 2,375 on the day. The new low would suggest that upside moves should be considered as countertrend, downside moves below USD 23,289 will target the USD 21,062 support.

## Panamax

The index is USD 745 higher today at USD 16,410 meaning momentum is now bullish based on price. For more information on the technical please follow the link. Panamax Technical Report 20/07/22 <https://fisapp.com/wp-content/uploads/2022/07/FIS-PANAMAX-4-PAGE-TECHNICAL-REPORT-20-07-22.pdf>

## Supramax

A positive index on the back of the RSI support we highlighted in the technical last, price is USD 203 higher at USD 22,631 today. The turn in the index has resulted in further upside moves, with the August contract closing the day USD 1,100 higher at USD 24,550. We noted yesterday that there were concerns that we could be entering a higher time frame wave 4, the upside moves today has pushed the RSI significantly above 50 (63) suggesting this is becoming the most likely scenario. Upside moves above USD 25,500 will be the final confirmation; however, based on the behaviour of the RSI and the index today, we now expect the USD 25,500 resistance to be tested and broken. Downside moves that hold at or above USD 21,217 will further support a near-term bull argument.

## Oil

Russian President Vladimir Putin signalled that Europe will start getting gas again through a key pipeline, but warned that unless a spat over sanctioned parts is resolved, flows will be tightly curbed. Europe is on tenterhooks, waiting to see whether gas flows resume on Thursday when maintenance on the Nord Stream pipeline is set to end. Putin gave the clearest signal yet that Moscow plans to restart at least some flows. Then on Wednesday, early data showed the first orders via the pipeline for Thursday -- an indication of buyers' expectations, though far from a guarantee flows will resume (Bloomberg). A bit of a mixed day in the futures, the futures did move lower early on, but as noted on the morning technical, momentum had warned that the futures were vulnerable to a test to the upside, resulting in the futures closing the European session unchanged. We have this upside move as countertrend with the futures finding support on a weakening USD; however, the USD is now approaching MA support suggesting it could move higher, if it does we could get the market correction in oil that my Elliott wave count is suggesting will happen.

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

EdwardH@freightinvestor.com

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)