

FIS 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	12875	11750	-8.7%	Pmx 1 month forward	15100	14800	-2.0%
Cape Q422	16925	16450	-2.8%	Pmx Q422	16162.5	15900	-1.6%
Cape Cal 23	14812.5	14425	-2.6%	Pmx Cal 23	12875	12500	-2.9%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	19900	19900	0.0%	Brent	93.05	95.81	3.0%
Smx Q4 22	17950	18125	1.0%	WTI	87.29	89.95	3.0%
Smx Cal 23	13750	13725	-0.2%	Iron ore	101.55	101.9	0.3%

Iron Ore

Source FIS/Bloomberg

The top four iron ore producers globally outside of China -- Vale SA, Rio Tinto, BHP and Fortescue Metals Group -- collectively had lower output in the first half of 2022 compared with the same period in 2021. Production in the first six months of the year reached 517 million metric tons, 2% less than a year earlier. Vale lowered its production guidance for 2022 by around 3-4%. The iron ore and steel industry continue to face challenges due to a weaker demand outlook (Bloomberg). Having dropped around 7% in the last few sessions the futures have now entered another consolidation phase. Technically unchanged, we remain bearish with our intraday Elliott wave analysis suggesting the USD 95.50 low remains vulnerable.

Copper

Copper prices climbed on Thursday for the first time in a week as hopes for improved demand from China overcame fears of slowing economic growth. While interest rates in the U.S. and Europe are likely to continue rising, the central bank in China - the world's biggest consumer of metals - is easing monetary policy, copper stockpiles are low and import premiums suggest demand is rising (Bloomberg). It is a bit of a move today, having moved lower on the Asian session to take the intraday technical into bearish territory the futures have moved higher, resulting in a break in fractal resistance and a move back above the trend line. We have rejected the 8,095-resistance, meaning we remain vulnerable to a test to the downside; however, the RSI is back above 50. I may have got this completely wrong; price has held above the 7,810-level supporting a bull argument, but the pullback on a divergence, trend break, and the Bearish MA on the RSI had all warned the futures could be about to transition to the sell side. Technically we remain bullish, we are holding below key resistance at this point and stimulus is going to need to very soon, otherwise we could see the move fail. Interestingly, it is normally iron ore that has the sentiment push on stimulus first, which so far it has not.

Capesize

The index took a bit of a beating today with price USD 1,790 lower at USD 7,188, meaning the Sep contract has had to go with it. For more information on the technical please follow the link. Capesize Technical Report 18/08/22 <https://fisapp.com/wp-content/uploads/2022/08/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-18-08-22.pdf>

Panamax

A bad day in the index with price USD 504 lower at USD 14,402. We continue to see the wave 5 extension on the September futures with price moving another USD 300 lower to USD 14,800, having traded to a low of USD 14,625. The technical remains bearish with near-term upside moves considered to be countertrend at this point. Upside moves that fail at or below USD 17,317 will leave the futures vulnerable to further tests to the downside, above the level the technical will have a neutral bias.

Supramax

The index is strong like a bull today with price bucking the trend and moving USD 430 higher to USD 18,681. However, we noted yesterday on the morning technical that the futures were testing a resistance zone, which at this point is currently holding, The Sep contract is flat on the day at USD 19,900. I know the index is moving higher but my lower time frame wave analysis is still hanging in as bearish. However, another 300 – 400 bucks on the upside and I will be missing a little bear wave. I am getting nervous, as we could soon move into a higher timeframe wave 4. That's still a countertrend move, but it will be moving higher than I was expecting for now. I am a cautious intraday bear at this point.

Oil

The futures remain technically bearish with price continuing to move to the upside. Going into the E.U. close the futures are trading at USD 95.81, up USD 2.16 on the day. Key resistance here is at USD 97.36, upside moves that fail at or below this level will leave the technical vulnerable to further tests to the downside, if it is broken the technical will have a neutral bias. Only above USD 100.38 will we have confirmation the bearish cycle has completed. We are rallying off a bullish divergence on the intraday, previously we had an unexpected wave extension to the downside which in all honestly looks to have underperformed, as we only traded down to USD 91.51. We are bearish but price is now trading just above the 1-hour 200-period MA (USD 95.73), if we hold above this average the probability of the technical becoming neutral will increase.

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

EdwardH@freightinvestor.com