FIS

European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	13825	15375	11.2%
Cape Q422	14650	15875	8.4%
Cape Cal 23	13050	13425	2.9%

	Previous Close	Current Close	% Change
Pmx 1 month forward	16950	17125	1.0%
Pmx Q422	17000	16850	-0.9%
Pmx Cal 23	12562.5	12475	-0.7%

	Previous Close	Current Close	% Change
Smx 1 month forward	18150	17750	-2.2%
Smx Q4 22	18225	17425	-4.4%
Smx Cal 23	13100	12950	-1.1%

	Previous Close	Current Close	% Change
Brent	96.07	94.5	-1.6%
WTI	90.82	89.39	-1.6%
Iron ore	96.6	94.5	-2.2%

Source FIS/Bloomberg

Iron Ore

China's activity-sapping Covid-Zero policy is a headwind for industrial commodities and a People's Daily commentary suggests Beijing isn't about to ditch or dilute it anytime soon. That's bad news for iron ore, a raw material that's facing an array of other negative factors at the same time. China is the largest importer of iron ore by a considerable margin and what happens there is of central importance to the trajectory of prices. Covid Zero, and all its attendant restrictions, adds up to a brake on demand for steel. Importantly, it's being imposed just as officials are grappling with a property crisis, and as industry indicators signal that mills are losing money. If that weren't enough, leading miners continue to ship out substantial volumes, meaning that seaborne supply is plentiful. Taken together, it's an ugly cocktail (Bloomberg). The futures are trading around the channel resistance, having previously broken above it, for more information on the technical please click on the link. Iron Ore November 22 (rolling Front Month) 11/10/22 https://fisapp.com/wp-content/uploads/2022/10/FIS-Iron-Ore-Technical-11-10-22.pdf

Copper

Copper and aluminium slid as the dollar strengthened for a fifth day and traders digested another flurry of downbeat commentary on the global economy. The International Monetary Fund warned of a worsening outlook for the global economy, highlighting that efforts to manage the highest inflation in decades may add to the damage from Russia's war in Ukraine and China's slowdown. On Monday, the heads of the IMF and World Bank warned of rising global recession risks, while JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon said he expects a US and global economic contraction by the middle of 2023. Adding to the gloom, China's flagship state newspaper squashed hopes for relaxing Covid controls (Bloomberg). Having traded lower in the Asian session we witnessed a fight back on the European open, resulting in the futures trading to a high of USD 7,638 before coming under pressure this afternoon, to trade to a low of USD 7,501. Coming into the close we are seeing the futures go bid again, meaning the daily candle is showing downside rejection, if we trade above USD 7,638 tomorrow, we could see the futures test the USD 7,728 and potentially the USD 7,879 resistance levels. USD 7,728 is the key near-term resistance, the futures remain vulnerable below and neutral above.

Containers v handy spread

A bit of a different one for you today - Freightos Index v's BHSI 38 Time Charter average (Weekly), that's' the container index v's the Handysize index, and is no relation to Fray Bentos pies!! Freightos Index v's BHSI 38 Time Charter average (Weekly) https://fisapp.com/wp-content/uploads/2022/10/Freightos-Index-v-handysize-index-TECHNICAL-REPORT-11-10-22.pdf

Capesize

The index continues to weaken with price USD 788 lower at USD 18,630, momentum based on price is now to the downside. The November futures came under pressure on the open; however, post index the futures were USD 4,500 below index values, resulting in buying support entering the market, we closed the day USD 1,550 higher at USD 15,375. The downside move below USD 14,750 has brought a bearish H&S pattern into play, the upside move today has put price above the neckline breakout from yesterday. Key near-term resistance is at USD 15,508, above this level the intraday technical will have a neutral bias, whilst above USD 16,250 it will be bullish. However, a note of caution here as the daily technical is bearish and only becomes bullish above the high of the right shoulder (USD 18,750), until we break this level the bearish pattern remains in play. We now have a bullish Harami pattern to contend with, if we produce a higher close tomorrow then resistance levels could be vulnerable. Countering this, a close below USD 13,750 would suggest downside continuation.

Panamax

A downside move of USD 285 today in the index to USD 18,427 means momentum based on price is weakening. A bit of a mixed day in the futures with price moving lower in the morning session before clawing back the days loss, to close USD 150 higher at USD 17,100. The intraday technical is bearish, the inverse head and shoulders pattern looks to have failed, but price is still holding at this point. If we look at the daily technical it is evident that the futures are consolidating, with the moving averages now flat, indicating a lack of trend in the market. Bearish on the intraday, bullish neutral on the daily with price consolidating, Bollinger band width is contracting here, warning we could see a breakout for directional bias soon. Without sounding like a broken record, we maintain our view that upside moves should be considered as part of a larger Elliott wave 4, meaning they are considered as countertrend.

Supramax

Buyside momentum in the index continues to slow with price only USD 6.00 higher today at USD 18,856. The November futures followed the rest of the complex lower on the open before finding buying support on the open; unlike the rest of the sector, we failed to close in positive territory with price USD 400 lower at USD 17,750. The downside move on the open has resulted in the future trading below the USD 17,500 support, to a low of USD 17,375, meaning the USD 17,322 level is currently holding, if broken we target the USD 16,425 – USD 16,375 support zone. Upside moves that fail at or below USD 18,456 will leave the futures vulnerable to further tests to the downside.

Oil

Oil slumped with fears of a global economic slowdown dominating market sentiment even with tighter crude supplies in the offing. West Texas Intermediate traded near $90 a barrel, paring losses after earlier falling as much as 3% to around $88. Oil futures moved in tandem with the broader market, where risk-off sentiment sent equities to their lowest since November 2020. Prominent Wall Street figures, including JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon, said the US and global economies are likely to sink into recession next year. The International Monetary Fund and World Bank also saw rising risks of a slowdown (Bloomberg). The futures are moving lower on the back of yesterday sell off but the daily technical remains bullish. For more information, please click on the link. FIS Technical – Brent Dec 22 https://fisapp.com/wp-content/uploads/2022/10/FIS-Oil-Technical-Report-11-10-22.pdf

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

EdwardH@freightinvestor.com