FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	15375	14375	-6.5%
Cape Q422	15875	15200	-4.3%
Cape Cal 23	13425	13500	0.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	17125	16750	-2.2%
Pmx Q422	16850	16575	-1.6%
Pmx Cal 23	12475	12625	1.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	17750	17200	-3.1%
Smx Q4 22	17425	16925	-2.9%
Smx Cal 23	12950	12800	-1.2%

	Previous Close	Current Close	% Change
Brent	93.8	91.91	-2.0%
WTI	88.59	86.68	-2.2%
Iron ore	94.5	94	-0.5%

Source FIS/Bloomberg

Iron Ore

Iron ore futures dropped for a second day with pessimism on demand bolstered by a government push for clean air in Beijing ahead of next week's pivotal Communist Party congress. The steelmaking material is trading not far above its lowest levels of this year in Singapore, under pressure from China's chronic property slump and fresh focus on the authorities' commitment to Covid Zero. Adding to a downbeat outlook, steel mills in areas near Beijing are cutting output on government orders to reduce pollution (Bloomberg). The intraday November futures moved lower but held above the channel resistance line, resulting in a small test to the upside. Price has weakened in the Asian evening session whilst the DCE closed RMB 1.5 higher. Technically little has changed since the morning report.

Copper

mounted and Chinese demand for the metal showed further signs of weakening. Futures pared declines after falling as much as 1.4% earlier. Often regarded as a barometer of the global economy, the industrial metal has been on a roller-coaster ride this year, surging to a record in early March and dropping about 30% since then. Investor concerns that hawkish monetary policy could exacerbate a global slowdown re-emerged with Cleveland Federal Reserve President Loretta Mester saying further interest rates hikes are needed to quell inflation. President Joe Biden said a recession in the US was possible though any downturn would be "very slight," while the UK economy shrank in August. The Bank of England confirmed it would end special support for the gilts market on Friday, sending bonds tumbling (Bloomberg). Downside rejection yesterday had warned that the market remained supported; however, the upside move on the Asian open failed to trade above yesterday's high, resulting in price trading within the previous days range. Price is USD 73.50 lower at USD 7,522.5 but looks to be consolidating in preparation for tomorrows CPI figures in the U.S.

Capesize

The index continues to weaken with price USD 389 lower at USD 18,241. For more in formation on the technical please click on the link. Capesize Technical Report 12/10/22 https://fisapp.com/wp-content/uploads/2022/10/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-12-10-22.pdf

Panamax

Downside momentum in the index is now starting to increase with price USD 440 lower at USD 17,987. The futures to an extent have already been pricing in a correction, meaning the November contract is only USD 375 lower at USD 16,750, around a USD 1,250 discount to the index. The intraday technical is bearish with price now targeting the USD 15,800 – USD 15,250 support zone; however, this is unlikely to be broken until we see further deterioration in the physical or a downside momentum continuation in the index. If support is broken then daily technical will have exited its consolidation phase, warning of further downside moves. Until it does, we remain vulnerable to tests to the upside.

Supramax

It has been threatening it for the last few days and today we finally got a negative index today with price USD 68 lower at USD 18,788. A close tomorrow below USD 18,754 would suggest that momentum is weakening based on price. Having moved lower yesterday on the slowing index momentum the November contract witnessed further moves to the downside today with price closing USD 550 lower at USD 17,200. The downside move below USD 17,500 had previously warned that the USD 17,322 support would come under pressure, it has, we now target the USD 16,425 and USD 16,375 support zone. Technically the intraday is bearish making USD 16,375 support the key level to follow, if broken the USD 14,200 low will be a legitimate downside target for market sellers.

Oil

Former US energy secretaries who served under the previous two presidents have criticized the proposed price cap on Russian oil, which the Biden administration is supporting as a way to punish Moscow while maintaining market stability. Dan R. Brouillette, who was energy secretary during the Trump administration, said the idea resembles a buyers' cartel. "That to me seems a bit odd when you think it through because the sellers have options," Brouillette said during the Columbia Global Energy Summit in New York. "That doesn't seem to me to make a lot of sense." Ernest J. Moniz, who was secretary under President Barack Obama, said proposals such as the price cap "always lead to unintended consequences." He also said at the summit that President Joe Biden should meet with the oil and gas bosses and senior bankers to figure out a way to boost supplies and deal with the energy crisis. The Biden administration has already held talks with industry leaders recently. But, Moniz said Wednesday, "I don't think the right meeting has happened." (Bloomberg). The futures held bullish support on the Asian open but intraday momentum had warned that we could enter a corrective phase if the neutral RSI moved below 50. The futures have moved lower with trading around the USD 92.00 level into the close. Key support to now follow is at USD 91.15, if broken the daily technical will have a neutral bias.

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

EdwardH@freightinvestor.com