# FIS European Close

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| | Previous Close | Current Close | % Change |
|---|---|---|---|
| Cape 1 month forward | 13675 | 13625 | -0.4% |
| Cape Q1 23 | 7375 | 7250 | -1.7% |
| Cape Cal 23 | 13125 | 12825 | -2.3% |

| | Previous Close | Current Close | % Change |
|---|---|---|---|
| Pmx 1 month forward | 17100 | 16600 | -2.9% |
| Pmx Q1 23 | 11900 | 11675 | -1.9% |
| Pmx Cal 23 | 12500 | 12450 | -0.4% |

| | Previous Close | Current Close | % Change |
|---|---|---|---|
| Smx 1 month forward | 17450 | 17375 | -0.4% |
| Smx Q1 23 | 12400 | 12100 | -2.4% |
| Smx Cal 23 | 12762.5 | 12525 | -1.9% |

| | Previous Close | Current Close | % Change |
|---|---|---|---|
| Brent | 92.41 | 92.51 | 0.1% |
| WTI | 85.55 | 86.46 | 1.1% |
| Iron ore | 92.05 | 89.8 | -2.4% |

Source FIS/Bloomberg

Iron ore

Iron ore's rout is deepening, with futures in Singapore tumbling to their lowest in nearly a year as the crisis in China's real-estate looks poised to subdue demand well into 2023. Years after President Xi Jinping first said that "homes are for living in, not for speculation," China's appetite for steel is ebbing as construction activity flounders. Iron ore used to make steel has now shed more than 45% from a peak in March. Hopes that the Communist Party congress would bring an easing of Xi's flagship policy to rein in real-estate debt have faded. That bodes ill for building activity and iron ore, which Goldman Sachs Group Inc. sees hitting $70 in three months (Bloomberg). We continue to see the futures come under pressure with price trading to a low in the Asian day session. Technically we remain bearish with concerns in the housing sector weighing heavily on the futures, effectively stopping any genuine buyside momentum. However, we did see some light bid support coming into the market in the evening session on the back of the intraday divergences, these are not buy signals but continue to warn that momentum is slowing down. Cautiously bearish at this point.

Copper

The green-energy transition and tight spot supply will drive a rebound in copper prices as fears over global growth recede, Kostas Bintas, Trafigura's co-head of metals and minerals trading, said at a Financial Times mining conference in London. The copper market has been tightening this year despite concerns about global growth and weakness in China's property market, Bintas said. Stockpiles would cover only 4.7 days of global consumption, and the market is on course to finish the year with 2.9 days worth of stocks, he said. "We have a duty to sound the alarm" over the supply-and-demand balance, Bintas said. NOTE: Trafigura has been among the most vocal bulls during copper's blistering recovery since the early days of the pandemic, with Bintas last year predicting a long-term move to $15,000/ton. The energy crisis in Europe has accelerated investment in metals-intensive renewables, while EV and infrastructure investments in China have offset weakness in property, "I think it's fair to assume we will have a higher price than we have today," Bintas said Thursday, "Time will tell" whether prices reach that $15,000 level (Bloomberg). The futures traded to a new low on the open creating a marginal divergence on the 4-hour technical, as noted this morning this was more pronounced on the 1-hour chart. The divergence coupled with a weaker USD has resulted in a strong upside move in the futures. Price is now above the USD 7,653 resistance, meaning the intraday technical has a neutral bias, warning the USD 7,695.50 fractal high is vulnerable. Bearish with a neutral bias, the RSI is above 50 with the futures above key resistance levels, suggesting caution on downside moves at this point.

Capes

The index is playing a little bit of catchup today with price moving USD 817 lower to USD 17,505. For the futures it has not been a very interesting day with the Nov contract closing 50 bucks lower at USD 13,625. Price remains at a USD 4,000 discount meaning there has been little reason to sell it today without a further weaking in the index. The Q1 23 futures are looking a little more interesting, as price is continuing to trade below the 3-year average values, the technical itself is rangebound but looks supported at these levels. The market might not be bullish in the front quarter; however, the downside looks limited at these levels for now, whilst any spikes in the index have the potential to pull the futures higher.

Panamax

The index was showing signs that it was slowing down yesterday with the price USD 27.00 lower today. We noted yesterday that although the futures remined in the range a dark cloud cover candle pattern on the November contract warned that we had the potential to see further weakness today. The futures are USD 550 lower today at USD 16,550, the lower close today is warning that the USD 15,875 – USD 15,800 support zone is now vulnerable. In range, but we have the potential to weaken further tomorrow as seasonality now needs to be monitored. Although it has not played out during the bull phases this year, the bear phases have been consistent, suggesting caution on upside moves.

Supramax

Flat yesterday on the index and down USD 20 today at USD 18,435. It is hard to see if we are going to see an upside move; however, seasonality is coming into a bear period, warning we could weaken further. Technically it has been a very inactive day, one would say as interesting as the index over the last two session. Price remains in range with key support at USD 16,375.

Oil

The futures have caught a bid over the last two sessions with price trading to a high of USD 94.77 on the intraday. Coming into the close the futures have given back the days gains with price now flat at USD 92.41, meaning we have a bearish rejection candle in play on the daily chart at this point. If we close at these levels we could see price come under pressure tomorrow; however, we still have the rest of the U.S session to go, so this could change. Downside moves that hold at or above USD 90.81 will support a bull argument, below this level will leave the USD 88.77 fractal support vulnerable.

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