

# 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	11750	10500	-10.6%	Pmx 1 month forward	13325	12025	-9.8%
Cape Q1 23	6100	5800	-4.9%	Pmx Q1 23	10875	9875	-9.2%
Cape Cal 23	11625	11300	-2.8%	Pmx Cal 23	11300	10650	-5.8%

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Smx 1 month forward	13875	13125	-5.4%	Brent	96.31	94.78	-1.6%
Smx Q1 23	10950	10050	-8.2%	WTI	88.38	86.27	-2.4%
Smx Cal 23	11575	11000	-5.0%	Iron ore	92.6	92.25	-0.4%

Iron ore

Source FIS/Bloomberg

China's home sales slump intensified in October, the latest sign that a recovery in the nation's property market remains distant. The 100 biggest real estate developers saw new-home sales drop 28.4% from a year earlier to 556.1 billion yuan (\$76.2 billion) in October, according to preliminary data from China Real Estate Information Corp. That plunge widened from a 25.4% slump in September. China's housing market remains fragile despite a wave of measures to restore confidence that's been battered by Covid Zero and a debt crisis among cash-strapped developers. Builders have offered more property projects in the past two months, hoping that the traditionally fast season for sales will help them recoup more cash, CRIC said earlier (Bloomberg). The futures continue to come under pressure with the November contract trading to a low of USD 76.90 before closing the day at USD 77.00. Technically we are bearish having seen the positive divergences fail last week, the RSI is making new lows, suggesting upside moves should be considered as countertrend. Near-term intraday support is at USD 75.45; however, on the daily technical the closest support level is at USD 70.14.

Copper

The futures moved lower on poor economic data from China (see iron ore) with price trading to low of USD 7,420 before finding light buying support into the E.U close. The downside move below USD 7,430 means that the bullish hidden divergence highlighted in the morning report has now failed. The intraday technical is bearish, upside moves that fail at or below USD 7,670 will leave the futures vulnerable to further tests to the downside, above this level we have a neutral bias. The daily technical has rejected the EMA resistance band with the RSI now below 50 whilst the stochastic is overbought, momentum is warning that the USD 7,324 and USD 7,220 support levels are now vulnerable, if broken we target the USD 6,955 low.

Capesize

The index is USD 919 lower today at USD 12,933, the break below USD 16,202 last week means the technical is now bearish, a close above USD 15,133 is needed for momentum to be seen to be improving based on price. We noted just over a week ago on the last close report that the futures had started to consolidate but the weekly candle had closed on its lows. A weaker close on the Monday (24/10) would suggest sell side momentum is increasing as price will have broken the consolidation phase. The futures closed lower on the 24th resulting in the November contract moving USD 3,100 lower to USD 10,500. We remain technically bearish below all key moving averages with the head and shoulders pattern now targeting the USD 8,500 level.

## Panamax

The index is now technically bearish with price USD 647 lower today at USD 14,367. We had maintained a view that the upside move in the futures looked to be a countertrend wave 4, suggesting there was a bearish wave 5 to come. However, before my weeks' vacation we had noted that the Panamax complex was in consolidation with a series of triangle patterns in play. The futures have broken to the downside with price dropping around USD 5,000 in the last week, suggesting we are now in a bearish wave 5. If we are correct then we should in theory trade see the December contract trade below the USD 9,225 fractal low, with a potential downside target for the rolling front month as low as USD 4,220.

## Supramax

Like the Panamax our long-term view has been that the upside move we had been witnessing was part of a countertrend wave 4. This has proven to be correct with the downside move on the intraday below USD 17,000 last week signaling technical weakness, resulting in the futures trading below the USD 14,200 low. Technically bearish with the intraday RSI suggesting upside moves should be considered as countertrend, the daily RSI is now in divergence (positive) and will need to be monitored, as the minimum requirement for wave/phase completion has now been achieved. Near-term support is now at USD 10,408 with further support at USD 7,600 and USD 4,791.

## Oil

An excess of supply in the oil market was the main reason for OPEC+ opting to cut production earlier this month, according to the group's secretary-general. "We see a surplus in the fourth quarter," Haitham al Ghais told reporters at the Adipecc energy conference in Abu Dhabi. "We also see a surplus also in early parts of 2023 because of the great uncertainties surrounding the economic growth forecasts. That was the main reason we took the decision to be proactive." On Oct. 5, the Organization of Petroleum Exporting Countries and its partners -- a 23-nation alliance led by Saudi Arabia and Russia -- angered the US by announcing they would lower their output targets from November by 2 million barrels a day. US President Joe Biden said there would be "consequences" for the Saudis. His top energy diplomat, Amos Hochstein, who also attended Adipecc on Monday, has said there was no economic rationale for the cut (Bloomberg). I guess if you are a producer you want to keep prices as high as possible, and the cut looks to be doing its job for now. However, AOI is starting to drop, suggesting market longs could be exiting. The RSI at 51 is near neutral with the stochastic in overbought territory. We are seeing weaker price action today, if the RSI moves below 50 then momentum will be warning we have the potential to see support levels come under pressure. Key near-term support is at USD 91.66, if broken we target the USD 88.77 fractal low. The technical is bullish but it is starting to look vulnerable.

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

EdwardH@freightinvestor.com