

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	11125	10875	-2.2%	Pmx 1 month forward	12900	12325	-4.5%
Cape Q1 23	6125	6200	1.2%	Pmx Q1 23	11150	10750	-3.6%
Cape Cal 23	11737.5	11775	0.3%	Pmx Cal 23	11850	11350	-4.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	13500	13100	-3.0%	Brent	98.75	98.81	0.1%
Smx Q1 23	11575	11150	-3.7%	WTI	92.6	92.94	0.4%
Smx Cal 23	11875	11750	-1.1%	Iron ore	87.3	87.2	-0.1%

Iron Ore

Source FIS/Bloomberg

Hoa Phat Group, Vietnam’s biggest listed steelmaker, has stopped production at four blast furnaces due to declining demand, according to a person familiar with the matter. The company shut down two blast furnaces in Hoa Phat Dung Quat Steel Complex and two at Hai Duong Iron and Steel Complex effective this month, said the person, who asked not to be named because he is not authorized to speak to media. The company may consider closing more furnaces depending on market conditions, the person said. Hoa Phat has total seven blast furnaces (Bloomberg). The futures came under pressure in the Asian day session after the Chinese Government reiterated their commitment to COVID zero, resulting in an offshore currency unwind. However, a weakening USD on the European open resulted in the futures finding buying support in the Dec contract with the futures trading to a high of USD 86.75. Technically this move still looks to be countertrend, with key intraday resistance at USD 89.01; however, price is proving resilient with the futures forming an intraday trend support. A close below the trend line (USD 85.48) will warn that the technical is weakening, leaving support levels vulnerable.

Copper

Copper and aluminum trimmed large weekly gains after China reaffirmed its Covid-Zero policy stance, damping hopes of a wholesale relaxation that spurred last week’s risk rally. Officials on Saturday vowed to “unswervingly” adhere to stamping out virus outbreaks, causing some metals to edge lower after last week’s surge. There had been widespread speculation that China was preparing to roll back the policy, helping drive commodities and stocks higher (Bloomberg). The futures did see a technical pullback today having broken the symmetrical triangle to the upside on Friday. However, after a USD 500 plus move on Friday this is potentially just a book rebalance due to the volatility spike, the new high on the RSI would suggest that downside moves on the intraday should be considered as countertrend. Corrective moves lower that hold at or above USD 7,691 will support a bull argument, below this level the technical will have a neutral balance.

Capesize

The index is finding light support with price another USD 509 higher today at USD 11,648, momentum based on price is in the process of turning to the buyside. The Dec futures however failed to follow the index higher, with price closing the day USD 250 lower at USD 10,875. Having seen an intraday channel support form last week, in what looks like a bearish flag, we are now seeing a move to the downside, leaving the USD 10,150 fractal low vulnerable. We continue to highlight the potential for a positive divergence on a new low, not a buy signal it does warn we could see a momentum slowdown, and this will need to be monitored. Bearish and starting to look vulnerable.

Panamax

We continue to move lower in the index, but the price action seems to be more sideways than down, a close above USD 14,018 would warn that momentum based on price is starting to strengthen. The Dec futures are moving lower with price closing the day at USD 12,325, down USD 575, meaning we are still unable to confirm the upside move as a countertrend wave 4. If we trade to a new low before moving higher, then it will suggest we are seeing a wave 3 extension. Technically bearish, we maintain our view that upside moves should be considered as countertrend at this point.

Supramax

The index continues to weaken with price USD 184 lower today at USD 13,761. We have also seen a USD 400 move lower in the Dec futures, with price closing the day at USD 13,100. The futures have rejected the 21-period EMA with intraday RSI testing its MA support. If we traded to a new low from here it will suggest that we are going to see a wave 3 extension; however, if price holds these levels for any period, we could see confirmation from our oscillator that the upside move was the countertrend wave 4 we were looking for. Technically, upside moves should be considered as countertrend; tomorrow we should know if we are looking at a wave 4, or a wave 3 extension.

Oil

Subtropical Storm Nicole is forecast to come ashore in southeastern Florida as a Category 1 hurricane later this week, bringing a surge of water and flooding rains, including to areas still recovering from Hurricane Ian. Nicole, with top winds of 45 miles (72 kilometers) per hour, is about 495 miles east of the Bahamas in the Atlantic, the US National Hurricane Center said in an 11 a.m. New York time advisory. The storm is forecast to gain strength as it nears Florida, reaching the first rung on the five-step Saffir-Simpson scale with winds of 75 mph just before landfall, and will then move up the US seaboard (Bloomberg). The futures gapped lower on Covid zero news this morning but moved higher on a weaker greenback on the E.U open. We suggested on the morning technical that we should be cautious of upside breakouts due to the potential for a negative divergence. We traded to a high of USD 99.56 before producing a bearish rejection candle on the 1-hour technical. We are bullish, but now in divergence implying we could see a technical pullback into the close.

Ed

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

EdwardH@freightinvestor.com