

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	8525	9350	9.7%	Pmx 1 month forward	11525	12075	4.8%
Cape Q1 23	6150	6375	3.7%	Pmx Q1 23	10700	11050	3.3%
Cape Cal 23	12100	12325	1.9%	Pmx Cal 23	11675	12025	3.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	12175	12425	2.1%	Brent	87.62	87.27	-0.4%
Smx Q1 23	10675	10975	2.8%	WTI	80.08	79.76	-0.4%
Smx Cal 23	11800	12250	3.8%	Iron ore	98.6	95.31	-3.3%

Iron ore

Source FIS/Bloomberg

A city near Beijing that was rumored to be a test case for China dispensing with all virus restrictions has suspended schools, locked down universities and asked residents to stay at home for five days, a potential sign official are reverting to tighter Covid Zero curbs as cases multiply. Shijiazhuang -- a city of some 11 million people about 186 miles (300 kilometers) from the capital -- has forbidden residents in areas deemed high risk from leaving their homes, with everyone else advised to stay at home "in principle," according to the statement carried by the official Shijiazhuang Daily (Bloomberg). The futures entered a corrective phase overnight on the back of a weaker currency with the Dec contract trading to a low of USD 95.00. The move lower means the intraday futures now has a neutral bias, below USD 93.90 the intraday technical will be bearish.

Copper

Gold fell to the lowest in over a week as the dollar advanced amid concern China may reverse its lighter-touch approach to coronavirus. Copper also fell. Worsening Covid-19 outbreaks across China and the first deaths in Beijing for six months are stoking concerns that authorities may again resort to harsh restrictions. That would be bearish for the copper market, where a squeeze in global supplies just appears to be easing. US equities declined, while the dollar rose on haven buying, pressuring gold and copper as they're priced in the greenback (Bloomberg). The futures continue to move lower with price now testing the USD 7,872 support, below this level the technical is bearish. Upside moves that fail at or below USD 8,351 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Technically bullish, the futures are about to break support meaning the bullish intraday Elliott wave cycle is potentially about to fail.

Capesize

The index turned positive today with price USD 58 higher to USD 9,363. The Dec futures have held the USD 8,500 support with price moving USD 825 higher to close the day at USD 9,350. The technical remains bearish but price and momentum are aligned to the buy side, upside moves that fail at or below USD 10,604 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. We noted last week that if we witnessed a momentum push, we could see the futures start to cover shorts; however, at this point with COVID issues flaring up in China the upside move is more subdued. If we trade to a new low below USD 8,525 then we create a positive divergence with the RSI suggesting caution, meaning there is little reason to add to new short positions on at these levels, but also little reason to buy it. If we move lower from here, it will almost certainly be on the back of fading bids rather than aggressive sellers.

Panamax

The index continues to weaken with price USD 406 lower at USD 12,601. The Dec futures have followed the Capesize higher by USD 550 to close the day at USD 12,075. An observation/opinion that certainly is not investment advice. If you look at the Cape and Supramax they have traded back to new lows, suggesting the wave cycle is lagging on the Panamax; if I am correct, then this upside move is countertrend as the futures will/should trade below USD 9,225 low from the 31/08, to complete the wave cycle. Wave 5's of wave C's do not always make new lows, but until the technical tells me differently, then my expectation is that the rolling front month will test it at some point.

Supramax

The index is another USD 70 lower at USD 12,800 today, momentum has slowed from early last week but is putting in a similar number to Friday. The Dec futures followed the rest of the complex higher today with price closing the day at USD 12,425, up USD 250. Technically we remain bearish, as noted on the Panamax the futures are trading below the August low of USD 14,200 with price now in divergence. We are a bear, but a cautious one for now due to the higher timeframe wave 5 and the divergence.

Oil

Saudi Arabia denied a report that it is discussing an oil-production increase for the OPEC+ meeting next month, and said it stands ready to make further cuts if needed. Crude futures pared earlier losses, trading 1.8% lower at \$86.04 a barrel as of 5:18 p.m. in London. "The current cut of 2 million barrels per day by OPEC+ continues until the end of 2023," Saudi Energy Minister Prince Abdulaziz bin Salman said in a statement via the Saudi Press Agency. "If there is a need to take further measures by reducing production to balance supply and demand, we always remain ready to intervene." (Bloomberg). The technical is bearish, the weekly close was bearish with price trading below the USD 83.65 support to a low of USD 82.31. We suggested on Friday that the support was likely to come under pressure; However, the Saudi comments this evening means we have a seriously strong rejection candle in play on the daily technical (around USD 5.00). if we close around these levels today then you could see some further short covering, or bull speculation tomorrow. If we trade below USD 82.31 tomorrow, then the downside move has the potential to get messy!

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

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