



# European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	9550	8825	-7.6%	Pmx 1 month forward	12650	12450	-1.6%
Cape Q1 23	9225	7950	-13.8%	Pmx Q1 23	12625	12500	-1.0%
Cape Cal 23	13400	12875	-3.9%	Pmx Cal 23	13350	13200	-1.1%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	11800	11625	-1.5%	Brent	76.1	78.1	2.6%
Smx Q1 23	11750	11600	-1.3%	WTI	71.02	73.36	3.3%
Smx Cal 23	13200	12850	-2.7%	Iron ore	111.52	109.39	-1.9%

Iron ore

Source FIS/Bloomberg

Metals and iron ore fell as investors mull growing Covid cases in China that are fueling uncertainty for the consumption outlook. After reaching a five-month high on Friday, copper logged its largest drop in three weeks. The abrupt decline highlights market jitters as the country grapples with a shaky re-opening from close to three years of strict virus controls. On Sunday, 8,561 new local cases were reported after daily infections topped 10,000 in the previous three days (Bloomberg). The futures have entered a corrective phase with the Jan contract trading below its intraday trend support (USD 108.75), if we close below and hold below this level then the USD 105.65 support could come under pressure. On paper we still target the USD 115.15 resistance; however, the divergence alongside the rising COVID levels in China would suggest caution at this point, as support levels are looking vulnerable.

Copper

Like iron ore, the futures have come under pressure today with the pullback indicating that the technical although bullish, now has a neutral bias; below USD 8,322 the intraday is bearish. The RSI was holding above 50 this morning with the stochastic in oversold territory, momentum warned that the futures were vulnerable to a move higher, providing the RSI held above the 50 level. The move lower today means the RSI is now below 50, implying the stochastic is less relevant. Bullish with a neutral bias, support levels are now starting to look vulnerable.

Capesize

The index has come in weaker today with price USD 533 lower at USD 13,424. The Jan futures came under pressure on the open having rejected the USD 10,107 resistance; however, post index we have seen some light buying support, meaning price is holding above the USD 7,703 level (low USD 8,000) which is making the technical a little unclear at this point. Rejecting USD 10,107 warns that the futures are vulnerable; however, holding the USD 7,703 level supports a near-term bull argument. Technically we are bearish, but until we break either the support or resistance, I am going to plump for neutral.

Panamax

Seasonality had warned that the index could turn, and it looks to be the case, as price is USD 138 lower at USD 13,453. A mixed day in the Jan futures as price moved lower on the open but found buying support above the 21-period EMA. Having traded to a low of USD 11,925 we are closing the day USD 175 lower at USD 12,475. Technically bearish with a neutral bias, the futues will need to trade above USD 12,925 to be bullish; however, we have a note of caution as above USD 12,700 we have the potential to create a negative divergence with the RSI.

## Supramax

Another uneventful day on the index with price USD 14 higher at USD 12,686. The futures did not fare so well, price followed the rest of the complex lower on the open today, meaning we have rejected the USD 12,037 resistance. The technical is bearish below this level and neutral above. The downside move on the open means the RSI is below 50 whilst the stochastic is overbought, momentum is warning that support levels could be vulnerable in the near-term; however, below USD 11,250 we have the potential to create a second positive divergence with the RSI, not a buy signal it does mean we could see a momentum slowdown. We are bearish, and we should move lower, but due to the divergence we are cautious and not convinced it is a technical sell at this level.

## Oil

Oil rallied as a key North American crude pipeline remains shut with no timeline for reopening. West Texas Intermediate rose as much as 4.1% to trade over \$73 a barrel, with traders buying again after last week's 11% plunge. Crude's slump pushed the US benchmark to settle Friday below its nine-day relative strength index, a technical indicator that oil is oversold and a reversal may be in store (Bloomberg). I use the 21 period RSI, not the 9 period, and that was showing a positive divergence this morning, this is more likely the reason why you are seeing a move higher. However, unfortunately for market bulls we have this upside move as countertrend, as our Elliott wave cycle would suggest we could trade as low as USD 65.00, implying there will be more downside to come within this phase of the cycle.

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