

# FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change
Cape 1 month forward	8750	9225	5.4%
Cape Q1 23	8500	8850	4.1%
Cape Cal 23	13375	13725	2.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	12450	12850	3.2%
Pmx Q1 23	12500	12875	3.0%
Pmx Cal 23	13200	13575	2.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	11625	12000	3.2%
Smx Q1 23	11600	12100	4.3%
Smx Cal 23	12850	13075	1.8%

	Previous Close	Current Close	% Change
Brent	77.99	81.01	3.9%
WTI	73.17	75.86	3.7%
Iron ore	109.39	108.88	-0.5%

Iron Ore

Source FIS/Bloomberg

Iron ore fell for a second day as optimism driven by the easing of strict virus curbs in China was offset by concern about the near-term outlook for the nation’s housing market, a key source of steel demand. Futures in Singapore sank toward \$108 a ton after losing almost 2% in the week’s opening session. While China is pivoting away from its Covid Zero policy, year-to-date new-home purchases in first-tier cities remain about 30% lower than a year earlier. Rekindling enthusiasm for property-buying could be an issue if home prices fail to pick up, according to Bloomberg Intelligence (Bloomberg). The Jan contract closed below trend support yesterday but held the 34-period MEA today. However, the upside move remains below the trend line leaving the futures vulnerable to a move lower. Downside moves that hold at or above USD 99.56 will support a bull argument, below this level the technical will have a neutral bias. Likewise, a close above the trend resistance (USD 110.10) will support a buyer’s argument. Technically vulnerable.

Copper

A key gauge of US consumer prices posted the smallest monthly advance in more than a year, indicating the worst of inflation has likely passed and validating an anticipated slowing in the pace of Federal Reserve interest-rate hikes (Bloomberg). The USD declined on the back of the inflation data giving the copper futures some well needed support. The futures had traded back into the EMA support band meaning the technical although bullish had a neutral bias; however, the weak USD has seen a strong push to the upside with the futures trading to a new high. This upside move is creating a conflicting technical, as the 4-hour RSI is now in divergence but the new high would suggest we have potentially started a new bullish intraday wave cycle. Technically we are bullish but in divergence that will need to be monitored; However, if we have just jumped into a larger cycle then we now target the USD 9,105 level!

Capesize

The index is USD 148 lower today at USD 13,276, meaning we are seeing a slowdown based on price. The futures have responded positively with price closing USD 475 higher at USD 9,225; going into the close price and momentum are aligned to the buy-side, with the futures trading on the 55-period EMA (USD 9,250). If we close above this on the intraday tomorrow (or tonight) then we could see the futures look to test the USD 10,107 resistance tomorrow. We plumped for a neutral bias yesterday as price was between a key support and a key resistance, at this point we are moving higher but remain between the USD 7,703 – USD 10,107 levels. If we open above USD 9,033 tomorrow, we could see resistance be tested and broken.

## Panamax

The index is down another USD 89 today at USD 13,364, like the Capesize this is signaling that downside momentum based on price is weakening. The futures responded positively with price closing the day at USD 12,825, more importantly, the intraday negative divergence looks to have failed. Upside moves above USD 12,925 will mean that the intraday and daily technical are bullish, suggesting the USD 14,375 resistance will be vulnerable. Three-year seasonality on the index is bearish, and this has been the year of the bear, suggesting a little caution here just in case we see further weakness in the index.

## Supramax

The index is now moving higher with price up another USD 148 to USD 12,834. We do not have the rolling front month as a technical sell. For more information on the technical, please click on the link. Supramax Technical Report 13/12/22 <https://fisapp.com/wp-content/uploads/2022/12/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-13-12-22.pdf>

## Oil

The futures continue to move higher on the back of yesterdays positive divergence with price trading up USD 2.70 to USD 80.69. From a technical perspective we have this upside move as countertrend with the futures bearish below USD 83.90 and neutral above. Our longer-term Elliott wave cycle still targets a USD 65 handle; however, the US inflation data will need to be monitored as the USD is clearly bearish at this point, which could cause the Brent wave cycle to fail.

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

[EdwardH@freightinvestor.com](mailto:EdwardH@freightinvestor.com)

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)