FIS

European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	7625	8625	13.1%
Cape Q1 23	9675	10450	8.0%
Cape Cal 24	14525	15125	4.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	10400	10700	2.9%
Pmx Q1 23	11150	11425	2.5%
Pmx Cal 24	12350	12625	2.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	9925	10200	2.8%
Smx Q1 23	10450	10625	1.7%
Smx Cal 24	12375	12650	2.2%

	Previous Close	Current Close	% Change
Brent	78.69	79.81	1.4%
WTI	73.67	74.89	1.7%
Iron ore	115.12	117.82	2.3%

Source FIS/Bloomberg

Iron Ore

China plans to tighten the supervision on iron ore pricing in a move to crack down speculations, the National Development and Reform Commission says in a statement on its WeChat page (Bloomberg). The futures entered a corrective phase on the back of the statement with price moving USD 2.80 lower to close the day at USD 115.65. Historically, as pressure increases from the authorities, we should see a long unwind on the onshore product. A small change in the technical, we noticed today that the wave 3 was shorter than the wave 1 on the rolling front month, giving us a maximum upside target at USD 126.92. for more information on the technical please click on the link. Iron Ore Feb 23 (rolling Front Month) 06/01/23 https://fisapp.com/wp-content/uploads/2023/01/FIS-IRON-ORE-TECHNICAL-06-01-23.pdf

Copper

Copper continued to climb today on the back of China looking to ease borrowing and debt repayments for property developers. The futures were already moving higher having held key support levels yesterday, the upside moves today means that the intraday is now bullish, meaning it is aligned with the higher timeframe. The futures now target the USD 8,629 fractal resistance; however, a small note of caution as we have the potential to produce a negative divergence with the RSI on a new high above USD 8,629, not a sell signal it will need to be monitored.

Capesize

Having had a horrible start to the year the index is proving to be more resilient than expected, with price USD 70 higher today at USD 12,543. We noted yesterday and this morning, that although bearish we have a note of caution due to the EMA pattern highlighted on the morning technical report, as it suggested that the futures were a little overextended to the downside at this point. We have since moved from USD 7,500 to a high of UD 8,750 with the Feb contract closing the week at USD 8,625. Technically we remain bearish with key near-term resistance at USD 9,654; however, just some food for thought, last time this pattern was in play we rallied over USD 6,000. I appreciate this is the Feb contract, but something to be aware of.

Panamax

The index continues to weaken, but at a slower pace with price USD 293 lower today at USD 10,357. The futures continue to respond positively with the Feb contract closing USD 300 higher today at USD 10,700. The technical is still bearish, but as highlighted in the report early in the week, there were reasons to be cautious on downside moves. Key resistance remains unchanged at USD 11,476, the technical is bearish below this level and neutral above. The rolling front month is trading above index values, if we can hold above it then then the index should turn to the buyside soon.

Supramax

The index is slowing down with price USD 352 lower today at USD 9,233. The futures have seen a small upside move with the Feb contract closing the week at USD 10,200 which is USD 275 higher on the day. The futures are already trading at a USD 1,000 premium to the spot, meaning the upside is a little limited until this slowdown is more significant. Technically we remain bearish with key resistance at USD 11,400; however, resistance levels could come under pressure if we see a positive number form the index.

Oil

Oil pared a large weekly loss as US employment figures allayed some concerns of a major hit to global consumption this year. West Texas Intermediate climbed near $75 a barrel on Friday. A slew of US economic data indicated a resilient labor market that nevertheless may give room for the Federal Reserve to slow interest-rate hikes. The data pushed the dollar down, which makes commodities priced in the currency more attractive to buyers, and aided risk-assets such as crude. But prices remain almost 7% lower this week as demand uncertainty hangs over the market and thin liquidity leads to outsized moves in single trading sessions. Saudi Arabia cut prices for crude sold to Asia and Europe in February, signaling concerns over the near-term outlook. Meanwhile, China is battling a surge in virus cases after Covid-19 restrictions were lifted, though mobility is set to rise as the Lunar New Year holidays approach (Bloomberg). The trim is just that, sub USD 1.00; however, the futures are basing for the time being with the RSI now above its moving average, warning we could be about to see resistance levels come under pressure. The key level to follow is at USD 83.80 in the near-term, upside moves that fail at or below this level will leave the technical vulnerable to further tests to the downside, above this level we have a neutral bias on the intraday. We maintain a bearish view on the technical with upside moves considered to be countertrend.

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

EdwardH@freightinvestor.com