

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	8125	7600	-6.5%
Cape Q1 23	10150	9475	-6.7%
Cape Cal 24	14825	14700	-0.8%

	Previous Close	Current Close	% Change
Pmx 1 month forward	9950	9625	-3.3%
Pmx Q1 23	10750	10300	-4.2%
Pmx Cal 24	12475	12275	-1.6%

	Previous Close	Current Close	% Change
Smx 1 month forward	9850	9550	-3.0%
Smx Q1 23	10262.5	10000	-2.6%
Smx Cal 24	12575	12250	-2.6%

	Previous Close	Current Close	% Change
Brent	79.8	80.68	1.1%
WTI	74.87	75.76	1.2%
Iron ore	117.1	120.15	2.6%

Iron ore

Source FIS/Bloomberg

Iron ore futures in Singapore surged to a five-month high on growing optimism over the outlook for China’s economy and steel demand. The steel-making ingredient rose above \$120 a ton to touch its highest mark since early August, extending a rebound from multi-year lows. Investors are betting on a demand surge as China’s economy recovers from pandemic disruptions (Bloomberg). The trend remains technically bullish with the Feb contract trading to a high of USD 120.50, price remains above all key moving averages supported by the RSI above 50. We remain in divergence with the RSI, warning we have the potential to see a momentum slowdown, we maintain our view that the futures are not considered a technical buy at these levels.

Copper

A shallow pullback on the open has been followed by a move to the upside in the futures, resulting in price trading to a new high. Lower timeframe Elliott wave analysis (30 min) would suggest that we have entered a bullish wave-5 of this phase of the cycle, meaning the minimum requirement for phase completion has now been achieved. This also mean that the lower timeframe is in divergence with the RSI, not a sell signal it will need to be monitored. However, using the William’s method we now have a potential upside target as high as USD 9,178. Technically bullish but in divergence on the 30 min technical.

Capesize

The index failed to close above the USD 13,092 resistance with price moving USD 496 lower today to USD 12,741. Having failed to trade above the USD 9,696 resistance level yesterday the futures entered a corrective phase, resulting in the Feb contract moving lower in the morning session. The downside move below USD 7,519 on the open means the USD 6,675 low is now vulnerable. However, expectations had been for a slightly weaker index, meaning price found some light buying support in the afternoon session. Technically bearish, support levels are vulnerable and have the potential to be tested tomorrow. A new low is likely to create a positive divergence and will need to be monitored, as it warns that we could see a momentum slowdown soon.

Panamax

We continue to see the index weaken with price USD 547 lower today at USD 9,369. We remain a cautious bear in the Feb contract with a near-term downside target at USD 9,225; however, the futures are now in divergence with the RSI warning we could see a momentum slowdown. For more information on the technical, please click on the link. Panamax Technical Report 10/01/23 <https://fisapp.com/wp-content/uploads/2023/01/FIS-PANAMAX-4-PAGE-TECHNICAL-REPORT-10-01-23.pdf>

Supramax

The index is another USD 242 lower today at USD 8,831. The Feb contract remains in a bearish trending environment with price below all key moving averages supported by the RSI below 50. The RSI however remains in divergence on the intraday technical, warning we could see a momentum slowdown, suggesting caution at this point. Technically bearish with the potential to trade as low as USD 8,776 (based on intraday wave analysis), the minimum requirement for phase/cycle completion has been achieved, for this reason we are a cautious bear, from a technical perspective the futures are not considered a sell at these levels.

Oil

Oil fluctuated between gains and losses as traders took stock of US monetary policy comments from Federal Reserve officials and the outlook for Chinese demand. West Texas Intermediate pared losses and was nearly unchanged near \$74 after earlier losing as much 1.1%. The day started on a sour note after two Fed officials said the bank will likely need to raise interest rates above 5% to combat inflation, but losses were trimmed after Fed chief Jerome Powell refrained from giving any further clues (Bloomberg). The technical remains bearish but the downside move in the futures yesterday has held in the congestion zone that formed last week. Upside moves that fail at or below USD 83.80 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves below USD 77.61 will create a positive divergence with the RSI, not a buy signal it warns we have the potential to see a momentum slowdown, suggesting the futures may need to move higher before they move lower on the intraday.

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