# **European Close**

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	7600	7625	0.3%	Pmx 1 month forward	9625	9775	1.6%
Cape Q1 23	9475	9500	0.3%	Pmx Q1 23	10300	10300	0.0%
Cape Cal 24	14700	14625	-0.5%	Pmx Cal 24	12275	12475	1.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9550	9375	-1.8%	Brent	80.1	82.67	3.2%
Smx Q1 23	10000	9800	-2.0%	WTI	75.12	77.5	3.2%
Smx Cal 24	12250	12475	1.8%	lron ore	120	121.5	1.3%

#### Iron Ore

Source FIS/Bloomberg

The steel-making staple has soared from below \$80/ton to more than \$120 as investors warmed to the one-two notion that China's reopening would rekindle demand just as a parallel effort by Beijing to fix its broken property sector kicked in meaningfully. As a third booster, mining majors Rio Tinto and Vale have said they'll refrain from adding tons in 2023. The rebound, however, appears excessive as three-figure prices imply a scarcity that's not in evidence when flows from top shippers Australia and Brazil are abundant. Yes, China is on the mend, but prices have run ahead of even improving fundamentals, and a pullback is possible as risks remain (Bloomberg). Technically we remain in the same place as yesterday, the futures are in a bullish trending environment with the RSI above 50 but in divergence. Our Elliott wave analysis would suggest we have a maximum upside target at USD 126.92. A tight range today with upside rejection on the daily candle is warning that we could move lower tomorrow, a close on the 4-hour candle above USD 119.15 would suggest the futures are entering a corrective phase. A cautious bull, as there are warning signs that the trend could soon exhaust.

## Copper

Technically bullish on the back of anticipation that China PLC could soon be back open for business. We noted on our technical yesterday that we looked to be on a bullish impulse wave 5 with an upside target at USD 9,178. The futures are another USD 200 higher today at USD 9,112 going into the close, suggesting our target could be hit tomorrow.

## Containers

A technical report for you on the US West Coast to China, the China Eu route, and some spreads against the Supramax. Freightos Index v's Supramax 10 TC average 11/01/23 https://fisapp.com/wp-content/uploads/2023/01/Freightos-Index-v-Supramax-index-TECHNICAL-REPORT-11-01-23.pdf

## Capesize

The index continues to come under pressure with price USD 553 lower at USD 12,188 today. The paper market however is rather lethargic due to the discount in the Feb contract to the index, price is USD 125 higher on the day at USD 7,225. The technical is bearish and will potentially produce a positive divergence with the RSI below USD 6,675, meaning there is little reason to sell it just yet due to the index valuations, but with the index is dropping market buyers are happy to wait.



#### Panamax

There remains little change is sentiment in the index today with price USD 568 lower AT USD 8,801. The paper however is holding up surprisingly well with the Feb contract closing the day USD 150 higher at USD 9,775. Technically the futures are unchanged, we continue to target the USD 9,225 fractal low, but remain a cautious bear at these levels due to the positive divergence on the intraday technical.

### Supramax

Sell side momentum in the index is starting to increase again with price USD 444 lower at USD 8,387. Price is now USD 1,500 below my downside target with the technical still looking weak. On the Feb contract, we are lower by USD 175 bucks today at USD 9,375 but the futures remain in divergence at these levels, meaning we remain a cautious bear and do not consider the futures a technical sell at this point. This doesn't mean the futures will not go lower, my view is purely a technical perspective; however, the market is clearly feeling this as well.

#### Oil

Oil shrugged off a large US crude stockpile build with traders focusing on China as it speeds up purchases ahead of the Lunar New Year. West Texas Intermediate rose more than 2% to trade near \$77 a barrel on Wednesday. US crude inventories rose by 18 million barrels last week, the biggest jump since February 2021, according to Energy Information Administration data. The superlative jump was largely anticipated by the market following a southern freeze that idled much of the US Gulf Coast's refining capacity (Bloomberg). I'll refer back to yesterday's closing comment, 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. The futures are moving higher with price around USD 2.50 up on the day at USD 82.60. USD 83.80 remains a key near-term resistance, as the futures are bearish below this level and neutral above, only above USD 87.00 is the intraday technical bullish. However, key resistance on the daily technical remains at USD 89.50, suggesting this upside move is still potentially just countertrend within a larger bearish Elliott wave cycle.

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