

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	8125	8950	10.2%	Pmx 1 month forward	9950	10800	8.5%
Cape Q1 23	9750	10650	9.2%	Pmx Q1 23	10550	11150	5.7%
Cape Cal 24	15375	15975	3.9%	Pmx Cal 24	13000	13500	3.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9425	10025	6.4%	Brent	85.43	84.05	-1.6%
Smx Q1 23	9850	10187.5	3.4%	WTI	#N/A N/A	78.71	#VALUE!
Smx Cal 24	13000	13400	3.1%	Iron ore	124.45	119.75	-3.8%

Iron Ore

Source FIS/Bloomberg

Iron ore tumbled after Chinese authorities warned against publishing false market information and pledged to maintain tight supervision of pricing following a surge early November. The National Development and Reform Commission, China's top economic planner, said in a statement on Sunday that its officials had met with companies — which it didn't identify — to remind them to "carefully verify and be accurate" before publishing information (Bloomberg). The Feb contract has now corrected nearly USD 8.00 in the last two sessions, resulting in the futures trading back into the EMA support band with the RSI nudging below 50. Our wave analysis had a max upside target at USD 126.55 (revised down from USD 126.92), the lower timeframe cycle is warning that there is the potential for one more bull wave to come. However, this would be a wave 5 of wave 5 with the pullback coming after warnings from the NDRC, if we trade below USD 117.72 then the probability of the futures trading to a new high will decrease. From a technical perspective, the futures are not considered a buy based on our wave analysis, as 5 of 5's are not an area to be long as they are notoriously unreliable from my experience.

Copper

Optimism that demand for copper would pick up has been largely fuelled by speculation that multiple industries will have increased need for the metal in coming quarters, particularly as China reopens. A weaker dollar has also been supportive of the wider industrial metals complex. But it's hard to find evidence right now of strong demand. Take a look at a leading indicator of the import requirement for China, the biggest buyer of commodities in the world. Yangshan copper cathode premium over London Metal Exchange prices has declined to \$31.50/metric tonne, compared with a 10-year average of about \$72 (Bloomberg). We previously noted that the intraday Elliott wave cycle looked to have completed, warning the futures could enter a corrective phase. We are seeing a technical pullback with key support at USD 8,927, the trend is bullish, but the wave cycle is warning that we could move lower.

Capesize

The index has turned to the buyside today with price USD 104 higher at USD 10,874, a close above USD 11,742 will mean momentum based on price is aligned to the buyside. For more information on the technical, please click on the link. Capesize Technical Report 16/01/23 <https://fisapp.com/wp-content/uploads/2023/01/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-16-01-23.pdf>

Cape v Pmx

A cape v Pmx technical today in Q2, Q3 and Cal 24 with seasonality charts to support them. Cape v Pmx Technical Report 16/01/23 <https://fisapp.com/wp-content/uploads/2023/01/FIS-CAPE-V-PMX-3-PAGE-TECHNICAL-REPORT-16-01-23.pdf>

Panamax

The index has turned today with price USD 18 higher at USD 8,300. Previously we have noted that although the futures were bearish, they were not considered a technical sell. On the morning report the futures were technically bearish but with a neutral bias. We noted that if the RSI could hold above 50 then resistance levels could be tested and broken. We also highlighted the MA on the RSI was starting to move higher, suggesting support levels could also hold in the near-term if tested. With the index turning positive the RSI held above 50, resulting in fractal resistance being broken, both the intraday and daily technical are considered as bullish. Downside moves that hold at or above USD 9,893 will support a bull argument, below this level the technical will have a neutral bias. Technically bullish, the MA on the RSI would suggest support levels should hold if tested.

Supramax

The index remains bearish with price USD 139 lower at USD 7,406 today; however, we are seeing a momentum slowdown as this is less than the previous daily downside moves. Due to the momentum slowdown in the index, we have seen an upside move in the futures with price trading above the USD 10,011 resistance, meaning the technical now has a neutral bias. We have previously stated that the technical although bearish was not considered a technical sell due to a positive divergence in play, the break in resistance is now warning that the USD 10,300 fractal high is starting to look vulnerable, if broken, the technical is bullish.

Oil

Commodities have the strongest outlook of any asset class in 2023, with a perfect macroeconomic environment and critically low inventories for almost every key raw material, according to the head of commodities research at Goldman Sachs Group Inc. This year has started with a pullback in prices driven by warm weather shock and rising interest rates, Jeff Currie said at a presentation in London on Monday. But demand in China starting to rebound and there's insufficient investment in supply, meaning the year as a whole will be a "Goldilocks" moment for rising prices, he said. "You cannot come up with a more bullish concoction for commodities," Currie said. "Lack of supply is apparent in every single market you look at whether it is inventories at critical operating levels or production capacity exhausted" (Bloomberg). Jeff Currie v Ed Hutton could be the biggest mismatch since Mike Tyson v's anybody in the 1980's. I have this intraday technical as bearish neutral, with the daily technical as bearish below USD 89.50. My Elliott wave analysis suggest there is further downside with this cycle, so unless I am James "buster" Douglas, I could be about to be spanked to oblivion on my wave count. However, for now I remain a bear, but I am not going to pretend that I am not a little concerned about his comments. Oil is USD 1.23 lower today so I have survived the first glancing blow!

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