FIS

European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	7775	7450	-4.2%
Cape Q2 23	12925	12700	-1.7%
Cape Cal 24	15100	14900	-1.3%

	Previous Close	Current Close	% Change
Pmx 1 month forward	10675	10050	-5.9%
Pmx Q2 23	12700	12100	-4.7%
Pmx Cal 24	13225	12850	-2.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	11125	10325	-7.2%
Smx Q2 23	12725	12175	-4.3%
Smx Cal 24	13200	13025	-1.3%

	Previous Close	Current Close	% Change
Brent	79.94	80.45	0.6%
WTI	73.39	73.62	0.3%
Iron ore	124.86	123.31	-1.2%

Source FIS/Bloomberg

Iron Ore

Iron ore dropped to the lowest in almost three weeks as rising inventories in China added to signs demand isn't recovering as swiftly as anticipated. Futures dropped as much as 3% in Singapore after their first weekly decline this year. Total stockpiles of steel products have risen for seven straight weeks, according to China Securities Journal. Data from Steelhome Friday showed iron ore inventories expanded 2.3% last week (Bloomberg). The futures opened with bid support after the domestic currency clawed back some of Friday's losses. However, we saw a further move to the downside in futures this afternoon with price testing the USD 121.65 fractal support. As previously noted, the March futures have been showing warning signs that the technical is weakening; however, to be bearish, we need to trade below USD 118.40.

Copper

I think the technical term for the afternoon session would best be described as 'slammed'. The futures opened flat to marginally lower; however, going into the close price is USD 170 lower at USD 8,810. The driving force came from a sell off in the bond market after policy makers drove home the message that investors should expect further rate hikes. The intraday technical is bearish with the daily technical suggesting that this downside move is corrective, and potentially countertrend. If we do see further dollar strength, and a move in the futures below USD 8,651, then we suggest caution, as the higher timeframe technical will be becoming neutral due to the depth of the pullback.

Cape v Panamax spread

Cape v Pmx Technical Report 06/02/23 https://fisapp.com/wp-content/uploads/2023/02/FIS-CAPE-V-PMX-3-PAGE-TECHNICAL-REPORT-06-02-23.pdf

Capesize

The index is lower again by another USD 86.00 to close the day at USD 3,475. The continued weakness has put further pressure on the March futures with price moving another USD 325 lower to USD 7,450. The futures are bearish and in trend, but we do have divergences on the 1-hour and 4-hour technical suggesting caution. For a more detailed technical please click on the link. Capesize Technical Report 06/02/23 https://fisapp.com/wp-content/uploads/2023/02/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-06-02-23.pdf

Panamax

The index continues to come under pressure with price another USD 297 lower today at USD 6,823. In the March futures we are technically bearish with upside moves considered as countertrend, at this point we have not seen any upside moves with price remaining below the 8-21 period EMA's. The futures continue to come under pressure with price USD 625 lower at USD 10,050 going into the close. This current wave is more than 161.8% the length of the previous wave, confirming it is bearish impulse. Key resistance today is at USD 12,046, the futures are bearish below and neutral above.

Supramax

Another small downside move in the index today with price USD 21 lower at USD 7,480. Like the Panamax the downside move is bearish impulse in the March contract, meaning upside moves should be considered as countertrend. The carry is still sitting around USD 2,900, so unless we see a turn in the index, we potentially have further downside within this wave; however, if you do get a bounce in the futures, we suggest caution, as wave analysis would indicate it is a bull trap.

Oil

The OPEC+ alliance has signaled it aims to keep production levels steady until at least the middle of the year, but Brent oil's drop below $80 a barrel could test the group's resolve. Saudi Arabia and its partners opted against making any output adjustments at a monitoring meeting last week, indicating that the hefty cutbacks announced late last year should be sufficient to keep global markets in equilibrium. One official said the coalition aimed to keep those targets unchanged until the end of 2023, or at the very least until its next in-person gathering in June. Events could get in the way of that plan-of-inaction. Brent slipped below $80 a barrel again today as China's economic reopening struggles to give enough immediate lift to demand, in a market where supplies seem plentiful. Even supply disruptions in the North Sea and Iraq failed to arrest the price slide. While OPEC insists it doesn't target a price, and $80 a barrel is still high enough for many members to cover government spending, it's a little lower than several of the group's key producers would prefer (Bloomberg). The futures traded to a low of USD 79.10 today, however the collapse in price between 2.00 and 3.00 pm created a positive divergence with the RSI, suggesting the markets were a little oversold. We have seen a bounce going into the close with price USD 0.66 up on the day at USD 80.61. We could see resistance levels be tested tomorrow, but for now the upside move looks like it is going to be a countertrend one.

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