

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	6675	7125	6.7%	Pmx 1 month forward	10975	11375	3.6%
Cape Q2 23	13550	13850	2.2%	Pmx Q2 23	14125	14125	0.0%
Cape Cal 24	15075	15075	0.0%	Pmx Cal 24	13375	13325	-0.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	12700	12775	0.6%	Brent	83.05	81.15	-2.3%
Smx Q2 23	14300	14200	-0.7%	WTI	76.16	74.47	-2.2%
Smx Cal 24	13550	13450	-0.7%	Iron ore	131.06	130.01	-0.8%

Iron Ore

Source FIS/Bloomberg

Iron ore fell from a multi-month high after a leading Chinese exchange tweaked trading rules, with its move following a string of warnings from the authorities that prices had rallied too far. Futures for the steel-making staple sank in China and Singapore after the Dalian Commodity Exchange said it would limit the number of new positions investors could take in a single day on contracts from May to September. The “authorities must curtail almost all retail speculative trade to limit the overamplification of iron ore prices in the current climate,” said Atilla Widnell, managing director at Navigate Commodities Pte in Singapore. If prices still continued to rally “larger government bodies” may weigh in, he said (Bloomberg). The March contract is currently in divergence with the RSI, warning we could see a momentum slowdown. With the DCE putting limits on new positions alongside the divergence, it would suggest that upside moves could struggle to hold. However, we do have a note of caution as it could be that we see onshore buyers switching to the offshore product instead, meaning we could stay supported in the very near-term. Not a technical buy.

Copper

Copper retreated from the highest close in three weeks as investors braced for a continuation of aggressive interest-rate hikes from the Federal Reserve. Other base metals also declined after economic data suggested the Fed would need to stay hawkish to cool the world’s largest economy. The outlook for higher borrowing costs is countering optimism that Chinese demand is picking up after the government ditched its Covid Zero policy and the virus wave ebbed (Bloomberg). Technically bullish but in a corrective phase with price moving lower on the Asian open, we had a note of caution on the technical this morning as the futures were moving lower on the back of a negative divergence with the RSI on the 1-hour timeframe. The move below USD 9,093 confirms that we were right to be cautious as the technical has a neutral bias. Interestingly on AI we had the downside move as countertrend this morning, this has also created a deep pullback, taking the technical into neutral territory.

Capesize

A healthy move in the index today with price USD 722 higher at USD 3,235, technically I would like to see price above USD 4,432, which based on today’s move is now looking possible. Momentum was vulnerable but conflicting on the technical this morning; however, the bullish MA on the RSI has come out the winner with the RSI moving above 50. We still remain technically bearish with price below the USD 7,561 resistance, but we are above the 55-period EMA (USD 7,080), if we can hold above this level, it will further support a bull argument. We should note that in terms of price, this is now the strongest upside move since the 17/01, suggesting buy-side momentum is getting stronger, warning resistance levels are vulnerable.

Panamax

I think it was last week that we asked the question, 'is the Supramax the lead indicator'? That's looking like a yes, as the Panamax index is USD 972 higher at USD 7,221. The March futures came under pressure on the open; however, based on the RSI/MA combination we thought that the downside move looked to be countertrend on our morning report. The futures did find buying support post index with price trading back to new highs, this is being replicated by the RSI, meaning for now, we still consider downside moves as countertrend. However, if we look at the 1-hour technical we do have a divergence with the RSI, suggesting there could be a pullback coming.

Supramax

Another god index today with price USD 713 higher at USD 9,591. The March futures however have seen limited price moves due to the carry that was already in play. The futures are bullish and holding support at this point, but the March contract is trading USD 2,750 above the index. We are due an intraday pullback, but like the Panamax we think it will be countertrend as momentum indicators remain supported.

Oil

Technically bearish on the morning report having rejected resistance levels for a second time, we noted that the USD 81.80 support looked like it could be tested and broken. We have seen the move lower with price trading down to the 78.6 Fibonacci projection level of USD 80.83, putting the futures are trading back below the trend line (this was at USD 81.27 this morning). If we hold below this level, then the USD 79.10 and USD 77.61 fractal support levels will be vulnerable. If we close above it then we suggest caution as it means market buyers are supporting the futures. Bearish going into the close but needs to hold these levels.

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