

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	10500	14000	33.3%
Cape Q2 23	16875	16237.5	-3.8%
Cape Cal 24	15975	15400	-3.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	16250	15875	-2.3%
Pmx Q2 23	16550	15925	-3.8%
Pmx Cal 24	13675	13425	-1.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	16300	16300	0.0%
Smx Q2 23	16700	16125	-3.4%
Smx Cal 24	13850	13675	-1.3%

	Previous Close	Current Close	% Change
Brent	83.87	83.5	-0.4%
WTI	76.84	76.81	0.0%
Iron ore	124.15	126.05	1.5%

Iron Ore

Source FIS/Bloomberg

Iron ore and copper advanced with other metals after a batch of data from China — from improving factory activity to rising home sales — pointed to an accelerating recovery in demand. The country’s manufacturing purchasing managers’ index for February showed its highest reading since 2012, beating economists’ estimates as factories began reopening after the Lunar New Year holiday. Home sales by major developers rose in February for the first time in 20 months. The data will embolden metals bulls who are counting on China’s rebound to power demand growth this year. After an optimistic start to 2023, industrial metals wavered in February as investors monitored a more hawkish Federal Reserve, and awaited clearer signs that China’s economy was on the mend (Bloomberg). On the back of the PMI data we have seen a move to the upside today with the April contract USD 2.95 higher at USD 126.25. The futures are back above their moving averages, but these remain compressed, indicating that the trend is not strong at this point. Having held the USD 124.00 – USD 123.00 support zone yesterday the RSI has moved above its MA which is starting to turn higher, implying momentum is starting to strengthen. However, the futures remain vulnerable below USD 128.42, above this level we target the USD 131.65 high. We need to see more on the upside to convince the trend is bullish.

Copper

We noted yesterday that the futures had moved higher on the back of a weaker USD with price continuing to push today on the Chinese PMI data, the technical now bearish but with a neutral bias. We had been cautious due to the USD basket trading in intraday EMA support yesterday; however, the PMI data would suggest the trend could potentially transition to the buy side soon. The strength of the upside move, alongside the RSI moving above 50 would suggest the USD 9,168 fractal resistance is now vulnerable, if broken the technical is bullish. The MA on the RSI is also bullish, suggesting support levels should hold if tested. The sell side argument that had looked strong the other day is now looking weak, making USD 9,168 the key resistance to follow.

Capesize

Another bull index today with price USD 1,661 higher at USD 7,703. We noted on the morning report that the role in the futures had created a mean reversion gap with the averages, we also highlighted that although the averages will move higher, historically (bull or bear), there is often some kind of reaction back to the averages. The April opened supported with the futures trading to a high of USD 15,125; however, the futures did come under pressure post index with price closing the day at USD 14,000. The technical is still bullish, with downside moves considered as countertrend, but it is worth noting that the 8-period EMA is at 12,500 whilst the 21-period is at USD 10,400.

Panamax

The index is another USD 849 higher today at USD 12,298, meaning the USD 13588 - USD 13,614 resistance zone is now looking vulnerable. The April futures opened supported but produced a long legged Doji on the 4-hour chart, signalling indecision in the market. Having traded to a high of USD 17,050 in the morning session the futures have followed the Doji with a bear candle, resulting in price closing the day at USD 15,875. Technically bullish but in a corrective phase, intraday Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, the futures now have near-term support at USD 14,127 with key support at USD 12,001.

Supramax

USD 566 higher in the index today, the April futures opened higher due to the roll, but we have seen a move lower in line with the rest of the sector, resulting in the futures have closed the day at USD 16,300. We also have the same intraday Elliott wave analysis in play, meaning downside moves are considered as countertrend; near-term support is at USD 14,337 with key support at USD 12,364. The RSI is now below its moving average with tomorrows pivot point looking like it will be at USD 16,550, if we open below this level then price and momentum will be aligned to the sell side for the first time since time in 12 days. This would suggest that we have the potential for another bear day tomorrow.

US HRC April 23

US HRC April 23 (Rolling Front Month) 01/03/23 <https://fisapp.com/wp-content/uploads/2023/03/FIS-US-HRC-Technical-01-03-23.pdf>

Urea Middle East April 23

Urea Middle East April 23 (Rolling Front Month) 01/03/23 <https://fisapp.com/wp-content/uploads/2023/03/FIS-Ferts-Technical-01-03-23.pdf>

Oil

Oil's rally evaporated as broad risk-off sentiment overwhelmed bulls' nerve following better-than-expected inventory data. West Texas Intermediate hit technical resistance at the 50-day moving average as equities made a sharp dip on mounting investor fears the US economy will slide into a recession. Still, the smaller-than-anticipated rise in US crude inventories and record exports halted prices from skidding further. "I suspect [oil] is reacting to the weakening risk appetite and technical factors," said Bart Melek, head of commodity strategy at TD Securities (Bloomberg). The futures were coming under pressure this morning, suggesting the USD 82.56 support could come under pressure, we also noted that key resistance was at USD 84.30, the intraday futures are bearish neutral below this level and bullish above. Swings is the right terminology, the futures traded to a high of USD 84.24 and low of USD 82.61. The technical remains bearish neutral with some very random price action. In a nutshell, price has rejected a daily trend resistance and held the weekly pivot support!

Ed Hutton

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