

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	14000	15150	8.2%	Pmx 1 month forward	15875	16175	1.9%
Cape Q2 23	16237.5	16875	3.9%	Pmx Q2 23	15925	16125	1.3%
Cape Cal 24	15400	15550	1.0%	Pmx Cal 24	13425	13450	0.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	16300	16025	-1.7%	Brent	84.43	84.35	-0.1%
Smx Q2 23	16125	16050	-0.5%	WTI	77.72	77.84	0.2%
Smx Cal 24	13675	13600	-0.5%	Iron ore	126.05	126.3	0.2%

Iron Ore

Source FIS/Bloomberg

The April futures remained supported in the afternoon session with price closing the day at USD 126.30. The daily technical remains bullish but with a neutral bias having moved lower on the back of a negative divergence with the RSI. The May DCE is within 10 RMB of the recent high; just a little food for thought, if you look at the China BOF Steel profit index on Bloomberg (margins), we can see that the last two times the futures were at these levels (April and June 2022) the margins were at RMB 419 – 311 respectively. Both times the futures corrected; current margin values are at RMB 184, suggesting price could struggle to hold these levels.

Copper

Copper led base metals lower in London as traders weighed the possibility of further US monetary tightening against the prospects for a recovery in Chinese demand. Prices fell below \$9,000 a ton on the London Metal Exchange, halting three days of gains, after Federal Reserve officials this week continued to reinforce their hawkish stance. Equity markets worldwide extended losses on Thursday as US 10-year Treasury bonds topped 4% for the first time since November in a sign that the Fed’s warnings of higher-for-longer interest rates are sinking in (Bloomberg). We noted a couple of days back that the USD index was trading in and finding support in the intraday EMA band, we did dip a little lower yesterday, resulting in copper remaining supported; however, the basket is now bid, meaning copper is coming under pressure. The futures traded to a low of USD 8,881 before finding buying support, with price trading at USD 8,964 going into the close. Key support to follow is at USD 8,828, if broken the technical goes from bearish/neutral, to bearish.

Capesize

The index remains supported with price USD 593 higher at USD 8,296. The April futures opened the day supported with price trading and closing at a high of USD 15,150; however, this means that the futures are now in divergence with the RSI, not a sell signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. Note: we maintain our view based on intraday Elliott wave analysis that downside moves should still be considered as countertrend.

Panamax

We are seeing a slowdown in the index, but price is still USD 372 higher at USD 12,670. Having sold lower yesterday the April contract has found buying support today with price closing USD 300 higher at USD 16,175. Upside moves above USD 17,050 should create a positive divergence with the RSI, not a sell signal, it does warn that we have the potential to see a momentum slowdown and will need to be monitored. However, downside moves from here should be considered as countertrend. My oscillators are lagging and have not yet crossed below 0, so it is not clear yet if this is the corrective move lower that we have been looking for or not, we should have a better idea tomorrow

Supramax

The index is another USD 399 higher today at USD 13,113. We noted on the close report yesterday that price and momentum could open aligned to the sell side for the first time in 12 days, warning we could move lower today. We did open lower with the April contract trading to a low of USD 15,450 before finding buying support, resulting in the futures closing at USD 16,025 (USD – 275 lower). The technical is bullish, the correction looks countertrend at this point, but like the Panamax it is unclear today if this is the correction we have been waiting for.

Oil

A messy day in oil yesterday ended with the futures closing on their highs, the upside move broke the USD 84.30 resistance into the close, meaning the intraday futures have entered bullish territory. Although bullish the futures are now trading around the 4-hour 200-period MA (USD 84.55), if we can hold above this level then it will further support a bull argument. The problem is the 1-hour RSI, which is now in divergence. Not a sell signal it is warning that we have the potential to see a momentum slowdown, warning we could be about to enter a corrective phase. The intraday technical is at an inflection point with price trading above the trend resistance on the daily chart. Elliott wave analysis is bearish, but I am a lone voice on this one, which is probably a reason to be cautious! However, for now I will stick with it, I am not sure what to think of the head and shoulder pattern, as it is not at a market high, in fact it is at a low. A continuation pattern forming perhaps, or am I just reading into it too much? Time will tell.

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