

FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	16025	16375	2.2%	Pmx 1 month forward	16350	15975	-2.3%
Cape Q2 23	17375	17475	0.6%	Pmx Q2 23	16325	16000	-2.0%
Cape Cal 24	15800	15875	0.5%	Pmx Cal 24	13500	13600	0.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	15450	15625	1.1%	Brent	86.25	84.05	-2.6%
Smx Q2 23	15475	15600	0.8%	WTI	80.49	78.21	-2.8%
Smx Cal 24	13600	13712.5	0.8%	Iron ore	124.7	127.05	1.9%

Iron ore

Source FIS/Bloomberg

The dollar extended gains against a basket of currencies on Tuesday after Federal Reserve Chairman Jerome Powell said that the U.S. central bank will stay the course until the job is done, adding that the ultimate level of interest rates is likely to be higher than previously anticipated (Reuters). Having traded higher in the Asian day session the April futures have moved lower on the back of a stronger USD basket to close the day at the opening price, 10 cents above the low. The upside move had been linked to 'optimism steel demand is picking up ahead of what is typically China's peak construction season' (Bloomberg). However, seasonality charts would imply that we are perhaps a couple of weeks early for this, suggesting market bulls have perhaps jumped the gun a little.

Copper

Copper declined in London as investors considered factors including China's uneven appetite for commodities, as well as the prospect of rebounding supply in Peru following the worst protests in decades. China imported varying levels of commodities in the first two months of the year as the country started to reopen after three years of Covid Zero lockdowns. Mined copper ore imports increased but inflows of refined forms of the metal declined, adding to recent signs of subdued demand from industrial users (Bloomberg). We had a conflicting technical this morning as the downside move yesterday had put the technical back into bear territory; however, price had immediately mean reversed back to the EMA band, momentum indicators and averages were flat, giving us nothing to work with. The downside move today below USD 8,810.5 does have bearish implications going forward, as it would suggest we are now in a complex corrective phase.

Capesize

Another good index today with price USD 1,175 higher at USD 12,201. More importantly, the RSI has moved above 64, this is a key level, as when broken it is often a warning that the index could be about to go on a run, it doesn't always, but it is something to be aware of. The April futures came under pressure early on but post index the futures clawed back early losses to close the day USD 375 higher at USD 16,400. We have this corrective move as countertrend and maintain that view for downside moves at this point. In all honesty, we would expect a deeper pullback; however, if we do trade to a new high from here, then it will confirm that we have entered a bullish impulse wave 5. The pattern of this corrective move does suggest we could move lower before moving higher, but keep an eye on the index, as the RSI break today could be key, as it warns buy-side pressure in the physical could be increasing.

Panamax

We have seen a small reversal in the index today with price USD 21 lower at USD 12,883, a close below USD 12,507 will warn that momentum based on price is turning to the downside. For more information on the technical please click on the link. Panamax Technical Report 07/03/23 <https://fisapp.com/wp-content/uploads/2023/03/FIS-PANAMAX-4-PAGE-TECHNICAL-07-03-23.pdf>

Supramax

The index continues to come under pressure with momentum based on price now aligned to the sell side. The April futures gapped lower on the open but built a base early on before moving higher from late-morning/post index. The futures are in a corrective wave 4, indicating that any downside moves should be considered as countertrend at this point. If we trade above USD 16,319 then we could be entering a bullish impulse wave 5; however, if we reject this level then the correction could become complex.

Oil

Oil's decline picked up steam as Federal Reserve Chair Jerome Powell's hawkish testimony to lawmakers overwhelmed a market that had fought through a spate of bearish developments in recent weeks. Powell's message that the central bank may raise rates faster than expected — and to a higher endpoint — bolstered a bear case built on swelling US stockpiles and a weaker-than-expected economic growth target from China. Anticipation of the Fed chair's testimony had already threatened to break a five-day rally for West Texas Intermediate, and his remarks sent prices down even further past technical support levels (Bloomberg). We were cautious of this upside move this morning due to the divergence with the RSI, the USD rally looks to have killed off any bull move for now, which is in line with our longer-term Elliott wave count, as this is bearish. The intraday technical is once again bearish.

Written by **Ed Hutton**, FIS Senior Technical Research Analyst

EdwardH@freightinvestor.com

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