

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	17650	16875	-4.4%
Cape Q2 23	20575	20150	-2.1%
Cape Cal 24	16375	16150	-1.4%

	Previous Close	Current Close	% Change
Pmx 1 month forward	15825	15025	-5.1%
Pmx Q2 23	16700	16150	-3.3%
Pmx Cal 24	13425	13325	-0.7%

	Previous Close	Current Close	% Change
Smx 1 month forward	15025	14425	-4.0%
Smx Q2 23	15825	15425	-2.5%
Smx Cal 24	13425	13450	0.2%

	Previous Close	Current Close	% Change
Brent	78.28	79.33	1.3%
WTI	72.81	74.32	2.1%
Iron ore	123.45	125.15	1.4%

Iron Ore

Source FIS/Bloomberg

Iron ore rose, taking its rebound to a third day, as market-watchers assessed a gradual recovery in China's construction activity. The steelmaking staple is rising amid optimism ahead of China's peak construction season. Mills are expected to accelerate restocking of raw materials and increase production to meet demand from steel-intensive projects. Analysts have suggested that demand from China's recovering economy will provide a strong case for commodities prices to rise (Bloomberg). The April is going to close the day USD 1.35 higher at USD 125.80. I must admit, this move higher has been stronger than I was expecting, the MA on the RSI still implies that momentum is supported. Key resistance is at USD 127.70, if it is broken it will mean the technical has a neutral bias and bring into question my wave cycle. If resistance holds, the technical becomes vulnerable to another move lower.

Copper

Copper is closing out the month strongly, heading for the 10th gain in 11 sessions, on signs of tighter concentrate supply and improving market sentiment as the recent banking turmoil ebbs. Chinese copper smelters have reduced their minimum threshold for processing fees for the upcoming quarter, according to people with knowledge of the matter. The move, which follows a slew of severe mining disruptions in countries from Peru to Panama, indicates a tighter outlook for supply (Bloomberg). I commented last night that the futures had traded to a new high and gone into divergence, this was not the case, yesterday's high was actually USD 9,080, sorry. The futures remain technically bullish with price trading to a high of USD 9,092, meaning we failed to make a new high. The technical is bullish with a potential upside target at USD 9,108; however, the MA on the RSI would suggest momentum is neutral. A cautious bull as a new high will create a negative divergence.

Capesize

We have had another small move higher on the index today, but we still remain below our short-term average. A close above USD 14,411 is needed for momentum based on price to be aligned to the buy side. The futures corrected today with the April closing the session just below the 55-period EMA (USD 17,020 – close USD 16,875); however, we roll tomorrow meaning we will see the futures above the USD 19,550 level and potentially at new highs, which will confirm that we are on a bullish impulse wave 5. If we are at new highs the minimum requirement for phase/cycle completion will have been met; however, using the William's approach it also means we will have a potential upside target at USD 26,035.

Panamax

The index continues to move higher with price up USD 236 to USD 13,286. The futures came under pressure despite a rising index with the April contract closing the day USD 825 lower at USD 15,000. The technical is currently bearish with a neutral bias; however, the open tomorrow will be interesting with the roll into May, if the futures are above USD 16,600 then the intraday technical is considered as bullish. Going into the close the RSI is holding its MA support, but momentum will become a little distorted over the roll for a few days. We will need a good index tomorrow, as the carry will be over 3k, if it is not, we could see the futures come under a bit of selling pressure in the near-term.

Supramax

A bad index today with price USD 535 lower at USD 13,602. We have a technical today, I think there is some interesting signals on the back end. The Q3 looks to be in a corrective Elliott wave 4, which means the downside move should in theory be countertrend, implying there is another bull wave to come. However, the Cal 24 has completed a 5-wave cycle, this does not mean the market is super bear, as based on the Q3 and the seasonality we should in theory move higher again at some point fairly soon. The technical is interesting for one reason, if we move higher in line with the Q3 and trade to a new high on the Cal, it means that there is a larger bullish Elliott wave cycle in play. In short, the 5 waves higher become a wave 1, and this corrective move is a wave 2, a new high would be very bullish for Supramax, and potentially the whole freight complex, as it would only be a wave 3 on the larger cycle. It might not happen of course, but we are still only closing out the first quarter, so it is something to bear in mind. Supramax Technical Report 30/03/23 <https://fisapp.com/wp-content/uploads/2023/03/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-30-03-23.pdf>

Oil

Oil climbed in a low-volume trading session with receding financial fears and curtailed exports lending support. Crude futures rallied alongside equities with below-average volumes leading crude to take cues from broader market sentiment. Prices were also propped by a dispute among Iraqi, Turkish and Kurdish authorities that halted about 400,000 barrels a day of exports from the Ceyhan port (Bloomberg). This technical could push me to the wire here; however, a new high above USD 79.68 will create a negative divergence with the RSI, suggesting caution on upside breakouts. When looking at the intraday wave pattern, it is looking more like a 3 and 3, rather than a 5-wave impulse. A cautious intraday bull, a longer-term bear.

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