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	20750	19125	-7.8%	Pmx 1 month forward	14300	13625	-4.7%
Cape Q3 23	22025	20625	-6.4%	Pmx Q3 23	15350	14750	-3.9%
Cape Cal 24	16025	15500	-3.3%	Pmx Cal 24	12625	12400	-1.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	14250	13525	-5.1%	Brent	72.33	72.71	0.5%
Smx Q23 23	15250	14825	-2.8%	WTI	68.6	68.79	0.3%
Smx Cal 24	12700	12500	-1.6%	Iron ore	101.28	99.44	-1.8%

Iron Ore

Source FIS/Bloomberg

The June futures continue to come under pressure with a move of over USD 3.50 lower today to close at USD 95.85. We noted in the morning report that the futures were in divergence with the RSI, not a buy signal, it needed to be monitored. However, intraday Elliott wave analysis suggested we were on a bearish impulse wave 5 meaning we had a potential downside target at USD 94.07 for this phase of the cycle. We should note that the move lower looks to be on a higher time frame wave 3 of a corrective wave C. Meaning upside moves should still be considered as countertrend.

Copper

There was a little uncertainty on the move higher in copper this morning as it had been on the back of Powell hinting that we may have completed this phase of the rate hike cycle, resulting in a weaker USD. We noted that it could mean that the downisde cycle could be completed early; however, technically at this point the upside move looked like it was countertrend. Having opened higher, the futures sold lower for the session but remained above the fractal low, if we trade below USD 8,426 then we have a potential downisde target at USD 8,341.

Capesize

The index is flat today at USD 19,283. We noted that the upside move in the June futures yesterday had disappointed, partly because the RSI was finding resistance at it MA, meaning price and momentum were conflicting. We closed the day at USD 20,750 yesterday and needed a move higher today to get the RSI above 60; however, if we opened below USD 20,700 then price would seen to be weakening. We opened at USD 20,500 resulting in the futures coming under pressure for the session, the June contract closed the day USD 1,375 lower at USD 19,375. On 04/04 the May futures traded to a high of USD 23,000, resulting in a divergence, this also meant that the minimum requirement for wave/phase completion had been achieved. Having held above the USD 17,400 level on the way down we saw a revival in the futures, resulting in a 3 wave move higher. This pullback is putting the futures near an inflection point at USD 19,027, if we hold this level, then we still have the potential to trade to new highs. If support is broken, the pullback will be considered as deep, warning the USD 17,625 fractal support could be vulnerable. This would also highlight the possibility that the recent upside move that started on the 18/04 could potentially have been a countertrend wave B. This technical is now in balance, it is holding in bull territory, but if we go much lower, we could be in trouble.



Panamax

Another bear index today with price USD 232 lower at USD 12,294. The June futures came under pressure today with price moving USD 800 lower to close the day at USD 13,500. We were cautious on downside moves due to lower timeframe divergences this morning. This move lower would suggest we are potentially seeing some form of wave extension, as the divergences are starting to fail. In a way this extension does make sense, if we look back at the technical report yesterday, we noted the front cycle was out of line with the Q3 and Cal 24, which implied that upside moves should be considered as countertrend. The divergence failures are suggesting that this could now be the case in the rolling front month.

Supramax

The index is another USD 198 lower today at USD 12,154. We have technical today, it is worth noting that going into the close we are on a bearish impulse wave 5, suggesting we target USD 13,020. However, like the pmx, the q3 and Cal 24 would suggest that upside moves should be considered as countertrend, making me wonder if we will see a wave 5 extension on the June Supramax, like we are seeing in the Panamax? For more information on the technical, please click on the link. Supramax Technical Report 04/05/23 https://fisapp.com/wp-content/uploads/2023/05/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-04-05-23.pdf

Oil

Crude markets have suffered a disastrous few weeks, dragged down by alarm over the wider economy. But real oil demand still looks strong enough to foster a rebound in prices. International benchmark Brent almost dropped to \$70 a barrel on Thursday after losing 17% since mid-April on fears of a US recession and signs of a disappointing recovery in China. Crude in New York plunged at the open to take the decline over the past three weeks to \$20, before recovering. Nonetheless, there are signs the underlying oil market is resilient. China is sucking in a flood of cargoes as domestic travel rebounds, and traders expect the country's crude purchases to remain high in the next few months. Inventories are tightening around the world and should deplete even faster as Saudi Arabia and its OPEC+ allies implement new supply cutbacks (Bloomberg). The futures have based today and do have the potential to move higher in the short-term; however, are wave analysis would suggest that upside moves should still be considered as countertrend at this point.

Written by **Ed Hutton**, FIS Senior Technical Research Analyst EdwardH@freightinvestor.com

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is a uthorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at <u>freightinvestorservices.com</u>