

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	23075	21375	-7.4%	Pmx 1 month forward	14425	13650	-5.4%
Cape Q3 23	22225	21275	-4.3%	Pmx Q3 23	15375	14625	-4.9%
Cape Cal 24	15725	15600	-0.8%	Pmx Cal 24	12600	12425	-1.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	14450	13800	-4.5%	Brent	77.44	76.74	-0.9%
Smx Q23 23	15150	14750	-2.6%	WTI	73.71	72.88	-1.1%
Smx Cal 24	12650	12450	-1.6%	Iron ore	102.01	103.3	1.3%

Iron ore

Source FIS/Bloomberg

We were technically bearish with a neutral bias on the morning report, we noted that above USD 106.00 the intra-day technical would be considered as bullish based on price, but the longer-term Elliott wave cycle remained bearish below USD 115.24. The MA on the RSI had flattened, indicating buy-side momentum was softening, whilst our wave analysis indicated upside moves should be considered as countertrend, making USD 98.11 the key support to follow. The futures took a tumble in the Asian evening session, meaning price is USD 2.60 lower at USD 100.70. If we do move higher, we still think the move will be against the trend at this point, suggesting caution on upside moves.

## Copper

Copper inventory marked for withdrawal from London Metal Exchange warehouses fell to the lowest on record, in a sign of weak demand from industrial users. Cancelled copper warrants in LME warehouses fell to 225 tons on Wednesday, according to data from the bourse, the lowest in data going back to 1997. The dwindling orders come as stockpiles climb rapidly in Asian warehouses, a sign there's little interest from buyers for newly arriving material. Copper fell as much as 1.1% (Bloomberg). Bearish with a neutral bias this morning with upside moves considered as countertrend. We were cautious on downside moves as the futures had formed a base over the previous seven sessions. Price has come under pressure today with the futures trading to a low of USD 8,466. If we do trade to below USD 8,426 then we target the USD 8,341; however, a new low will create a positive divergence with the RSI, not a buy signal, it does warn that we have the potential to see a momentum slowdown and will need to be monitored.

## Capesize

Another solid index today with price coming in USD 1,007 higher at USD 21,814. However, not a great day for the futures which opened at last night levels but faded fast with the June contract closing the day USD 1,700 lower at USD 21,375. The fact the futures have fallen into a rising index with the June contract closing the day below index valuations does not inspire confidence; however, ever the contrarian, our intraday wave analysis would suggest this move lower looks to be countertrend, it might not be, but that is what the technical is suggesting at this point, making USD 19,445 the key support to follow. If this level is broken, then it will warn that the upside cycle could fail, at which point we would have to re-evaluate.

## Panamax

Having previously been slowing down, the index is USD 117 lower today at USD 11,997. This has obviously had a negative effect on the June futures which have given up yesterday's gains to close the day USD 750 lower at USD 13,675. I will start the next bit with my own personal disclaimer. The Elliott wave is a psychological footprint of the market, it can and does fail at times. Saying that, when I look at this cycle, we could be about to see a lower-timeframe wave extension; however, I am also seeing a divergence with potentially limited downside (Maybe USD 13,020), which for me would suggest the futures are still not a technical sell, despite the move lower today. A cautious bear, we could see profiting taking at slightly lower levels, and maybe even a little bit of accumulation.

## Supramax

Having turned yesterday the index is USD 178 higher today at USD 12,250. An all-round poor performance in freight today with the June contract closing the day USD 650 lower at USD 13,800. The downside move below USD 13,831 would suggest that the USD 13,500 fractal low could be tested and broken. Technically, I am even less bearish of the Supramax than I am on the Panamax. I could be missing something very obvious on the technical analysis, but right now, I cannot see it. All I am seeing are exhaustion patterns; we may not be a buy, but from a technical perspective, it is not a sell!

## Oil

The inflation data today is potentially giving room for a pause in the rate cycle, but the market is really uncertain at this point. Oil has been coming off alongside a weak USD in recent weeks, which is never a good thing, especially now the dollar basket is showing a bullish divergence on the daily chart. We continue to mark this recent upside move in oil as countertrend with the futures moving sideways for the last couple of days. If the pundits are wrong, and the USD basket divergence comes into play, we could find ourselves with a bullish greenback within a bearish oil technical. I still think we need to trade below USD 70.12 for the minimum requirement for cycle completion, meaning I remain cautious on upside moves at this point. But if the greenback takes a bid we could see the futures sell lower

## Edward Hutton

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