

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	19150	18150	-5.2%	Pmx 1 month forward	12300	11425	-7.1%
Cape Q3 23	19625	18725	-4.6%	Pmx Q3 23	13425	12800	-4.7%
Cape Cal 24	15000	14625	-2.5%	Pmx Cal 24	11950	11725	-1.9%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	12850	12075	-6.0%	Brent	74.17	75.3	1.5%
Smx Q23 23	13525	12850	-5.0%	WTI	70.04	71.14	1.6%
Smx Cal 24	12125	11800	-2.7%	Iron ore	99.45	105.03	5.6%

Iron Ore

Source FIS/Bloomberg

Iron ore rose for a second day — climbing above \$100 a ton — as steel prices in China strengthened and iron ore inventories kept declining. The steel-making staple jumped more than 5% in Singapore. Chinese crude steel output rose in the first weeks of May, according to researcher Mysteel. The country’s biggest cities also reported more home buying last week, contributing to market optimism. Chinese inventories of iron ore slipped for an 11th straight week, suggesting mills are boosting production. Steel stockpiles at major Chinese mills fell 2.8% to 17.6 million tons in early May compared with late April, according to data from China Iron and Steel Association (Bloomberg). As noted on Friday’s technical, a re-evaluation of the Elliott wave cycle suggested we had seen a wave C completion, resulting in a move higher. Technically the intraday remains bearish with a neutral bias, price needs to trade above the USD 106.00 level for confirmation that we are turning bullish. The MA on the RSI would imply that momentum remains supported, as is price and momentum, suggesting the USD 106.00 resistance could potentially fall tomorrow.

Copper

Copper and aluminum rose in London, reversing early losses after China’s central bank injected more liquidity into its financial system in a bid to bolster growth following a string of lackluster economic data. The People’s Bank of China offered 125 billion yuan (\$18 billion) of medium-term lending facility, 25 billion yuan more than the amount maturing in May, and above analysts’ expectations. That helped spur a rebound on the London Metal Exchange, with aluminum pacing gains with a rise of as much as 1.9%. While the net liquidity injection is small, it adds to expectations the central bank will step up its support for China’s economy, with some analysts betting that an interest-rate cut could come as soon as this quarter. A sweep of Chinese data due Tuesday is expected to underscore a mixed picture for the world’s second-biggest economy, adding to a slew of recent downbeat indicators (Bloomberg). We have seen a small move higher today with the futures closing the European just under USD 30 higher around the USD 8,280 level. The futures remain below key averages with the RSI below 50, price and momentum are aligned to the buyside at this point; however, we maintain our view based on intraday Elliott wave analysis that upside moves should be considered as countertrend at this point.

Capesize

The index is another USD 590 lower today at USD 19,777. The June futures continue to come under pressure with intraday momentum indicators on the morning report warning that the USD 17,550 support is now looking vulnerable, if broken then the technical is considered as bearish. The curve remains in backwardation, warning that the index has the potential for further downside; however, we remain conscious that if the index does turn then we could see some disjointed moves, as the market will need to scramble for cover. At this point support looks vulnerable in June with upside moves looking like they could be countertrend in the Q3 and Cal 24 in the near-term. For more information on the technical please click on the link. Capesize Technical Report 15/05/23 <https://fisapp.com/wp-content/uploads/2023/05/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-15-05-23.pdf>

Panamax

The index continues to come under pressure price another USD 328 lower at USD 10,955 today. We noted on the morning report that momentum remained weak with intraday Elliott wave analysis suggesting upside moves should be considered as countertrend (this was based on a lower timeframe Elliott wave cycle). The June futures have come under further pressure with price closing the day USD 975 lower at USD 11,325. The technical remains bearish, the RSI continues to make new lows and intraday upside moves are still considered as countertrend at this point.

Supramax

The index had shown some green shoots last week, however momentum based on price has remained aligned to the sell side with price coming in USD 86 lower at USD 12,074 today. In the June futures we were a cautious bear on the morning report due to the divergence being in play but did note that based on a lower timeframe Elliott wave cycle that intraday upside moves should be considered as countertrend. The futures have moved another USD 400 lower (from the morning report), to close the day down USD 825 at USD 12,025. We remain bearish with intraday upside moves considered as countertrend at this point. The divergence on the 4-hour chart does look like it will fail if we move much lower, with momentum remaining weak, but oversold, we are bearish but cautious of an intraday bounce.

Oil

Oil rebounded above \$71 a barrel after four weeks of losses, though the US debt-ceiling negotiations injected a risk-off sentiment in broader markets that's restraining crude's relief rally. West Texas Intermediate is finding support at the psychological level of \$70, but the gains have been muted by a stronger dollar and falling equities amid increased concerns the US may default on its debts. Traders also are looking for new data to provide clarity on the economy's trajectory. "Oil is playing tug-of-war with a tight market and rising economic uncertainty as debt-ceiling talks will likely lead to some market stress," said Ed Moya, senior market analyst at Oanda. "This week, energy traders will pay close attention to the retail sales report to see if the consumer remains in decent shape." (Bloomberg). The futures remain bearish with a neutral bias, as highlighted this morning we were holding above the USD 73.37 Fibonacci support, meaning resistance levels remained vulnerable. The futures have found bid support to close the E.U session USD 1.08 higher at USD 75.25. Technically we maintain our view that upside moves should still be considered as countertrend at this point, with USD 73.37 the key support level to follow.

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