

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	18625	17850	-4.2%	Pmx 1 month forward	11375	10575	-7.0%
Cape Q3 23	19025	18625	-2.1%	Pmx Q3 23	13125	12500	-4.8%
Cape Cal 24	14800	14450	-2.4%	Pmx Cal 24	11750	11425	-2.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	12250	11450	-6.5%	Brent	75.99	77.38	1.8%
Smx Q23 23	13475	12625	-6.3%	WTI	71.99	73.51	2.1%
Smx Cal 24	11900	11475	-3.6%	Iron ore	102.14	99.98	-2.1%

Iron Ore

Source FIS/Bloomberg

Iron ore futures in Singapore extended their losing streak to a fourth day as China’s sluggish economic recovery keeps up pressure on steel demand. The steel-making staple fell below \$100 a ton, taking its decline since last Wednesday’s close to around 8%. China’s infrastructure and property sectors have both performed worse than expected so far this year, highlighting how the post-virus rebound in the world’s biggest iron ore buyer continues to disappoint (Bloomberg). The futures continue to move lower on the back of the negative divergence last week with the pullback breaking the USD 100.64 support, the futures although bullish now have a neutral bias. The technical does remains subjective but the MA on the RSI continues to suggest that support levels in the June futures remain vulnerable.

Copper

We have been bearish with upside moves considered as countertrend in copper, highlighting that the USD 8,088.5 fractal support remained vulnerable on the morning report. The futures have moved lower today with price making new lows; using the Williams method, we now have a potential downside target at USD 7,985. However, the new low means the RSI is now in divergence with price. Not a buy signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. A cautious bear.

Capesize

The index is grinding out negative numbers at this point with price USD 204 lower at USD 16,922. We had a good start to the day with support evident in the June futures with price pushing up to an intraday high of USD 19,000. We noted on the morning report that we had failed to trade below the USD 17,550 level; however, we had achieved the minimum requirement for the intraday wave cycle on the 17/05 with a low of USD 17,900, suggesting caution if the USD 19,500 fractal resistance was broken. The upside move failed to hold with price trading below the USD 17,900 level, meaning we now have a potential downside target as low as USD 16,020. However, we should highlight that the new low means there is a positive divergence in play, not a buy signal, it does warn we could see a momentum slowdown and will need to be monitored.

Panamax

The index is another USD 71 lower today at USD 9,575. We have now spent 18 days below my short period average on the index, historically we tend to exhaust (I should say breath, as it is not always a bullish play that follows) between 18 and 23 days, which is something to be aware of. We noted on the morning report that the MA on the RSI implied momentum was supported, but the RSI was testing the MA support with the intraday Elliott wave cycle suggesting we had further downside in the cycle. The futures have traded to a new low meaning price is in divergence with the RSI, this will need to be monitored as it warns we have the potential to see a momentum slowdown. However, it is worth noting that this move looks to still be on an extended wave 3 (Wave 5 of the wave 3) meaning upside moves are still potentially countertrend.

Supramax

The index continues to come under pressure with price USD 223 lower at USD 11,473 today. As noted on the morning report the futures have extended on the Elliott wave 3, meaning upside moves in the June futures should be considered as countertrend. We are USD 800 lower on the day with price closing at USD 11,450, it is worth noting that we have channel support at around USD 11,150 that could be an area of interest. There is a divergence still in play on the RSI, it is marginal, but it still needs to be monitored. Key levels of interest should be between USD 11,150 – USD11,077 in the near-term.

Oil

Oil rose as traders evaluated a warning from Saudi Energy Minister Prince Abdulaziz bin Salman to short-sellers, offsetting a lack of tangible progress in US debt-limit talks. “I keep advising them that they will be ouching — they did ouch in April,” Saudi Arabia’s top energy official said at the Qatar Economic Forum. The perceived threat was enough to send West Texas Intermediate climbing as much as 2.5%, — the most in nearly a week — and notably diverging from broader market sentiment, which fell as a solution to the debt-ceiling crisis remains elusive (Bloomberg). The futures have found buy-side support on the back of the Saudi comments, meaning price is back above the USD 77.09 resistance. Technically we are bearish neutral, the comments today could be a spanner in my technical; however, at this point I will stick with my bearish wave cycle.

Urea Middle East June 23 (Rolling Front Month) 23/05/23

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