



# European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	16500	16850	2.1%	Pmx 1 month forward	11750	11400	-3.0%
Cape Q3 23	18425	18375	-0.3%	Pmx Q3 23	12700	12500	-1.6%
Cape Cal 24	15025	14775	-1.7%	Pmx Cal 24	11625	11475	-1.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	11525	11225	-2.6%	Brent	76.71	76.2	-0.7%
Smx Q23 23	12625	12375	-2.0%	WTI	72.15	71.75	-0.6%
Smx Cal 24	11800	11575	-1.9%	Iron ore	105.04	106.37	1.3%

## Iron Ore

Source FIS/Bloomberg

Iron ore extended its rebound to a fifth day on increasing signs Beijing will take more forceful steps to reboot flagging Chinese growth. Chinese authorities asked the nation's biggest banks to lower their deposit rates for at least the second time in less than a year, according to people familiar with the matter, marking an escalated effort to boost the world's second-largest economy. The People's Bank of China is also likely to cut the reserve-requirement ratio for banks and lower interest rates in the second half of this year, the state-run China Securities Journal said Tuesday. Iron ore and base metals have clawed back some losses over the past couple of weeks on speculation Beijing will respond to signs that the country's economic recovery is stalling. Last week, Bloomberg reported that the government is preparing a new batch of measures to help the property market (Bloomberg). As noted in our morning report, we are a little bit cautious on this one due to a lower timeframe divergence with the RSI that is warning we have the potential to see a momentum slow-down. This 3-wave pattern still has the potential to be a double wave 3 wave pattern within the countertrend Elliott wave B at this point, making USD 99.62 the key support to follow.

## Copper

The futures are trading around USD 12.00 lower at USD 8,327 going into the close. From a technical perspective we have seen little price movement with the downside move earlier today failing to test the intraday support band. The intraday technical is bullish with Elliott wave analysis suggesting we could trade as high as USD 8,486 (based on the William's method). However, as noted this morning, a new high will create a negative divergence with the RSI, meaning we have the potential to see a momentum slowdown. The daily futures are trading at the base of its EMA resistance band, warning could struggle to hold a new high, as this will be a natural area of resistance. The EMA band consists of 6 averages between the 30 and 60 time periods (known as a guppy band).

## Capesize

I have noted over the last two days in the morning reports that the downside Elliott wave cycle in the rolling front month looked to have completed. I was concerned this morning when I looked at the Panamax and Supramax cycles as they both suggested that the current upside moves are potentially countertrend Elliott wave 4's, meaning we were out of line with the Capesize futures. I have just done a 4-page technical where the Q3 and Cal 24 wave cycles also suggest that the upside moves we are seeing look to be countertrend. Having looked even more closely at the rolling front month, I believe that we may not have completed this cycle. It is very marginal on my intraday MACD oscillator, and therefore still subjective; but the MACD has in fact made a new low, implying my morning reports over the last two days were potentially incorrect. For more information on this technical please click on the link. Capesize Technical Report 06/06/23 <https://fisapp.com/wp-content/uploads/2023/06/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-06-06-23.pdf>

## Panamax

A good index number today with price USD 539 higher at USD 8,637. However, the futures look like they had priced this move in already after the move higher yesterday. We opened supported but the futures have sold lower to close the day at USD 11,375, down USD 375, meaning we have a daily candle pattern in play known as a dark cloud. Not a sell signal, it is a warning that buy-side momentum is fading, suggesting caution in the near-term. As noted on the morning technical, our intraday wave analysis would suggest that the current upside move looks to be potentially countertrend, making USD 13,348 the key resistance to follow.

## Supramax

The index continues to come under pressure with price USD 238 lower at USD 8,591. The July contract followed the same pattern as the Panamax with price opening supported but closing the day USD 350 lower at USD 11,175. The daily candle is giving a similar warning, but in this instance, we are seeing a bearish Harami. From a technical perspective our intraday Elliott wave analysis would suggest that the current upside move looks to be countertrend; this would suggest caution to market bulls as we have a carry of USD 2,500 over the index.

## Oil

Oil traded little changed after erasing most of the gains that followed Saudi Arabia's surprise pledge to cut more production as persistent economic uncertainty weighs on the outlook for demand. West Texas Intermediate teetered between slim gains and losses after Monday's short-lived surge following the Saudi announcement over the weekend. Further along the futures curve, WTI prices for December 2023 and 2024 contracts fell from Friday's close, evidence that traders aren't concerned about supplies in the long-term. Saudi Arabia's production cuts "will take some supply off the market, but demand will need to continue to rise if we are to see much higher prices," said Dennis Kissler, senior vice president of trading at BOK Financial Securities (Bloomberg). The technical remains bearish having rejected a key resistance yesterday, we have held the 50% Fibonacci retracement on the intraday 4-hour chart but rejected the 200-period MA. We maintain our view that support levels remain vulnerable at this point.

Written by **Ed Hutton**, FIS Senior Technical Research Analyst

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