**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	15700	16350	4.1%	Pmx 1 month forward	9000	8775	-2.5%
Cape Q3 23	16525	16375	-0.9%	Pmx Q3 23	10275	10125	-1.5%
Cape Cal 24	14400	14350	-0.3%	Pmx Cal 24	10762.5	10725	-0.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9475	9250	-2.4%	Brent	74.31	74.93	0.8%
Smx Q23 23	10425	10212.5	-2.0%	WTI	69.78	70.57	1.1%
Smx Cal 24	10950	10950	0.0%	Iron ore	112.8	110.95	-1.6%
Inch One							

## Iron Ore

Source FIS/Bloomberg

China's leading steelmakers warned the industry faces a very challenging second half as demand disappoints, profitability lags, and pressure to cut costs mounts in the world's top producer. Representatives from China Baowu Steel Group Co., Ansteel Group Co., Hesteel Co. and Hunan Iron & Steel Group Co. said they are "not optimistic" about the coming six months, the China Iron & Steel Association said after the four companies attended a meeting organized by the industry body this week. "The peak inflection point for steel demand has emerged, while the problems of insufficient end-user consumption, and ongoing thin margins are particularly prominent," the CISA said in a statement, citing the quartet of companies (Bloomberg). As noted in the morning report yesterday, sentiment was keeping the market supported (to be clear, stimulus sentiment) whilst the technical suggested we were vulnerable to a move lower. The July contract has now started to sell lower with the futures trading at USD 110.80 into the close. The technical is not bullish, the fundamental is not bullish, so it does make me ask the question. Why is this market so supported?

# Copper

We were a cautious bear yesterday morning based on the price pattern and Fibonacci levels, but price the futures moved lower. We maintained a bearish view on the close report, as we had the same patterns but with price 3.2% below the 60 period EMA, warning we could see a mean-reversion back up to the averages. The futures opened the day supported, resulting in price jumping 1%, by 3.00 p.m. BST they we were 2.2% off yesterday's low, indicating the mean reversion is in play. Going into the close the futures are USD 112.00 higher at USD 8,289.5 with key near-term resistance to follow at USD 8,358, if broken we have the potential to test the USD 847.50 fractal resistance. If rejected, the technical remains vulnerable to a move lower.

# Capesize

The index continues to slide with price USD 456 lower at USD 14,133 today. Having traded higher for the last two sessions, the July futures opened supported but have since come under pressure with price trading down to USD 15,350 into the close. It is the end of the quarter; we started April with hope, but upside moves have failed to hold. The index has followed seasonality patterns, but we are not achieving the 3-year average values. Seasonality looks like we could just flatten on the index for the next 4-6 weeks, the big question will then be aimed at what happens in Mid-July. Will China kick in with some serious stimulus that will lift the construction sector/sentiment, steel production and freight rates, leaving us to follow the 2021 footprint? Or do we just get lots of talk about stimulus, followed the odd sentiment spike in the FFA, but ultimately end up following 2022 levels. Right now, the macro says 2022, but this is freight. The smaller sizes already look to be on a bearish Elliott wave of an Elliott wave C, warning we could exhaust at any point after new lows are achieved, so there may yet be some surprises to come! Right now, like iron ore, the futures are surprisingly resilient.



### Panamax

We are seeing a momentum slowdown with price USD 95 lower at USD 7,937. The technical in the Panamax and Supramax have become very repetitive, and that's not going to change tonight. The July contract is USD 225 lower at USD 8,775 with the USD 8,250 low still looking vulnerable based on our Elliott wave analysis. The same analysis continues to suggest that upside moves look to be countertrend.

## Supramax

Another flat index today with price USD 10.00 lower at USD 8,241. With the index not moving the July futures are grinding down with price getting ever closer to the USD 9,150 low, we closed USD 225 lower today at USD 9,250. Our Elliott wave analysis has a potential downside target at USD 7,250; however, below USD 9,150 the minimum requirement for phase/cycle completion will have been achieved with the futures becoming divergent with the RSI. At this point we will become a little more cautious, as this will be the first warning sign of potential exhaustion.

#### Oil

Brent oil is on course for its longest run of quarterly losses in data going back more than three decades amid robust supplies and persistent concerns over demand. Oil has faced worries about a potential global economic slowdown as well as a lackluster recovery in China. Robust crude exports from Russia and Iran have kept supplies ample, outweighing a potential pickup in summer demand and production cuts from the Organization of Petroleum Exporting Countries. The global benchmark traded near \$75 a barrel on Friday but is set to post a fourth straight quarterly loss. West Texas Intermediate was heading for its first back-to-back quarterly decline since 2019 (Bloomberg). The futures are moving higher having held support on the 28/06 but remain in a long-term range. The Elliott wave cycle is bearish, we are potentially on wave 5 of wave C, but we need to trade below USD 70.12 for confirmation. Sometimes these cycles fail (known as truncation); however, if we follow the classic footprint, we trade to a new low with the potential to trade as allow as USD 53.38 (textbook target). We have held support 4 times in what looks to be a Wyckoff accumulation pattern, supported by an aggregate open interest build that started in Dec 22, suggesting caution. If we break, as noted yesterday, we may struggle to hold. However, if that long build starts to liquidate it could become a messy move lower. Right now, with price in consolidation, I am just going to sit on the fence and be neutral.

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

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