

# FIS European Close

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

	Previous Close	Current Close	% Change
Cape 1 month forward	20100	20000	-0.5%
Cape Q4 23	18100	17975	-0.7%
Cape Cal 24	14700	14675	-0.2%

	Previous Close	Current Close	% Change
Pmx 1 month forward	14175	13950	-1.6%
Pmx Q4 23	13391.5	13150	-1.8%
Pmx Cal 24	11525	11400	-1.1%

	Previous Close	Current Close	% Change
Smx 1 month forward	14450	13925	-3.6%
Smx Q4 23	13287.5	12950	-2.5%
Smx Cal 24	11375	11300	-0.7%

	Previous Close	Current Close	% Change
Brent	94.07	96.81	2.9%
WTI	90.54	93.88	3.7%
Iron ore	114.95	116.35	1.2%

Iron Ore

Source FIS/Bloomberg

We have seen little price moment since the close of the Asian day session with the October futures 20 cents lower than they were in the morning report at USD 11575. We tested the USD 116.94 resistance a couple of times which is currently holding and continue to maintain our view that upside moves look like they will potentially be countertrend, based on the RSI making a new low yesterday. However, the MA on the RSI is starting to turn higher, warning we are starting to see momentum support creep in, making USD 119.08 the key resistance to follow.

## Copper

Is 'Dr. Copper' trying to tell us something about the global economy? Something unusual is happening in the market for copper that hasn't been seen in nearly 30 years. Some see it as yet another sign that the global economy could be headed for a rough patch. Declining prices in the spot market for copper have pushed the spread between the spot price and the price of futures traded on the London Metals Exchange for delivery three months out to its widest level since 1994, putting the copper futures curve into a state of extreme contango -- a term used by commodity futures traders to describe when futures prices are trading in excess of the spot price. Prices have been declining over the past few months as inventories have piled up at London Metals Exchange warehouses around the world. Falling demand is largely a factor of weakness in the Chinese economy, analysts say. But given that China's economy is the world's second largest, the ripple effects could be felt as far away as Europe, the U.S. and beyond (Bloomberg). The futures are trading at USD 8,094, where they were when we produced the morning technical. We remain bearish with a potential near-term downside target at USD 8,027, price is in divergence, but upside moves should be considered as countertrend.

## Capesize

Another good index today with price USD 1,509 higher at USD 21,364. We noted this morning that the futures were bullish, but in divergence with the potential to see one more intraday move to the upside; however, from a technical perspective they were not considered a buy at these levels. We have a note of concern for market buyers at this point, as the index is now trading above the October futures, which look like they will close USD 100 lower today at USD 20,000. If sentiment is the lead indicator for the index, then we could be about to see upside moves slow over the coming days. We remain bullish but maintain our view that they are not considered a technical buy at this point.

## Panamax

The index is moving higher again with price up USD 155 at USD 14,063. However, as noted previously, we have had exhaustion patterns in the futures warning we could be due to move lower, with the move below USD 14,300 yesterday suggesting the bullish Elliott wave cycle may have completed. There is a lack of clarity in the market as illustrated by the futures and index trading at an equilibrium. Technically, this does suggest caution and means we maintain our view that the futures are not considered a technical buy at these levels.

## Supramax

The index weakened again today with price USD 235 lower at USD 14,449. We have had these downside moves as counter-trend based on our intraday Elliott wave analysis; however, we have a small note of concern creeping in, as there are conflicts across the technicals. The index RSI tested 95, suggesting the recent upside move is bullish impulse, warning that the downside moves look like it could be countertrend. The Cal 24 is not a technical buy and has not been for a few weeks; the Q4 and Nov are bullish and correcting in what looks to be a countertrend move. The issue is the futures will roll next week into November, which are trading at a USD 800 discount to the October. If we move much lower, then we could find the Nov futures trading below USD 12,915 on the roll. If we are, then the probability of the futures trading to a new high will decrease. Basically, we need to find buyside support over the next two days, or the cycle could be in trouble. For more information on the technical, please click on the link. Supramax Technical Report 27/09/23 <https://fisapp.com/wp-content/uploads/2023/09/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-27-09-23.pdf>

## Oil

Oil jumped to a fresh one-year high as crude stockpiles in the largest US storage hub dropped to the lowest since July 2022. West Texas Intermediate topped \$93 a barrel after inventories at Cushing, Oklahoma, dropped just below 22 million barrels, close to operational minimums. The premium for near-term barrels of US benchmark West Texas Intermediate is trading at about \$2, the highest level since July 2022, in a sign that the futures market is reflecting physical tightness (Bloomberg). We noted in the morning report that the upside move above USD 93.67 warned that the USD 95.96 high could be broken, which it has been. We are now on a bullish impulse wave 5 for this phase of the cycle with a potential upside target at USD 100.46.

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

EdwardH@freightinvestor.com

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)