



European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	18175	19400	6.7%
Cape Q1 24	9450	9550	1.1%
Cape Cal 24	14500	14600	0.7%

	Previous Close	Current Close	% Change
Pmx 1 month forward	13450	13400	-0.4%
Pmx Q1 24	9625	9625	0.0%
Pmx Cal 24	11325	11275	-0.4%

	Previous Close	Current Close	% Change
Smx 1 month forward	13550	13625	0.6%
Smx Q1 24	9400	9350	-0.5%
Smx Cal 24	11100	11125	0.2%

	Previous Close	Current Close	% Change
Brent	87.72	86.6	-1.3%
WTI	85.96	84.5	-1.7%
Iron ore	110.9	112.55	1.5%

Iron Ore

Source FIS/Bloomberg

Industrial metals advanced — with zinc rising from its lowest level in a month — as demand prospects were boosted by a report saying China may roll out more measures to ease its economic slowdown. Beijing is considering issuing at least 1 trillion yuan (\$137 billion) of sovereign debt to back spending on infrastructure projects, Bloomberg News reported on Tuesday. That would represent an escalation in efforts by President Xi Jinping's government to support the struggling economy (Bloomberg). As noted on the close report yesterday, due to the divergence and the overextension to the downside, the futures had the potential to revert to the 34-period EMA. This has been the case with price breaching the average in the Asian evening session, going into the close the futures are trading at USD 112.95 with the average at USD 113.26. The technical remains bearish at this point with upside moves still considered as countertrend.

Copper

We noted in the closing report yesterday that the futures had held above support, with price producing a rejection candle, warning we could move higher. However, due to price being just below the EMA resistance band we highlighted that this would have been a high-risk entry area. A mixed day in the futures as price is trading in, above, and below the EMA resistance band, meaning the intraday price movement has lacked directional bias. In terms of the technical, we maintain our view that upside moves look like they are still potentially countertrend at this point.

Capesize

The index is another USD 971 lower today at USD 27,402, a close below USD 27,322 will mean that momentum based on price is aligned to the sell side. In the morning report, we were cautious of upside moves due to the depth of the pullback and the fractal break, alongside price closing below the 55-period EMA yesterday. We have seen a strong move higher today with the November contract trading at USD 19,375 into the close, up USD 1,200 on the day. We remain below our key resistance at USD 19,785 with the MA on the RSI continuing to suggest momentum is weak; however, we are trading above the 55-period EMA going into the close. The futures remain USD 8,000 below the index, which is providing price support at this point, but the technical still suggests caution due to the MA weakness. If we trade above USD 19,785 the technical although still bearish, will have a neutral bias, it will only be considered as bullish above USD 20,950.

Panamax

We are already seeing a slowdown in the index with price only USD 22 higher today at USD 13,190. It has been a mixed day in the November futures with price trading to new lows, meaning the futures are in divergence with the RSI, warning we have the potential to see a momentum slowdown. However, based on the initial move lower, it would be a very short-wave C to end now, suggesting there is further downside to come, despite the divergence. Saying that, with the Capesize strength today, the downside move has failed to hold, meaning we are closing the day USD 50 lower at USD 13,400.

Supramax

Another bull day in the index with price USD 117 higher at USD 13,869. The futures gapped lower on the open, creating a positive divergence with RSI, resulting in the futures moving higher. However, as noted in the morning report and the Panamax note above, having seen a 5 wave move lower on the initial downside move, it would suggest that the current move lower should in theory have further downside, in the form of a 5,3,5 pattern. Suggesting the upside move today is potentially countertrend.

Oil

Oil prices will surge if the Israel-Hamas war escalates to include Iran, according to shale magnate Scott Sheffield. The founder and chief executive officer of Pioneer Natural Resources Co. issued the warning during an interview with Bloomberg Television on Wednesday, just hours after Exxon Mobil Corp. agreed to buy the shale giant for \$59.5 billion (Bloomberg). We noted in the morning report that the futures were in a consolidation pattern in the form of a symmetrical triangle, a neutral pattern with directional bias coming on a close that holds outside of the pattern. In theory, the breakout should be in the direction of the previous move (which in this case up); however, this was not guaranteed. The futures broke to the downside with price breaching the USD 85.33 support, warning the USD 83.44 fractal low is now vulnerable. We probably do not need to highlight but obviously will, if the conflict in the middle east escalates into the wider region, the technical will have little influence on the subsequent price action.

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

EdwardH@freightinvestor.com