FIS

European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	20700	16875	-18.5%
Cape Q1 24	14875	13150	-11.6%
Cape Cal 24	17875	16900	-5.5%

	Previous Close	Current Close	% Change
Pmx 1 month forward	16475	14625	-11.2%
Pmx Q1 24	14400	13150	-8.7%
Pmx Cal 24	13712.5	13075	-4.6%

	Previous Close	Current Close	% Change
Smx 1 month forward	16475	14875	-9.7%
Smx Q1 24	14400	13375	-7.1%
Smx Cal 24	13700	13025	-4.9%

	Previous Close	Current Close	% Change
Brent	78.88	78.39	-0.6%
WTI	74.07	73.4	-0.9%
Iron ore	131.16	128.88	-1.7%

Source FIS/Bloomberg

Iron ore

The Jan futures briefly broke key resistance on the open before selling lower. We noted this morning that the downisde move below USD 128.16 warned that we were potentially in a complex corrective phase, meaning that the USD 126.00 support was vulnerable. The futures are a dollar lower than this morning, having traded to a low of USD 127.00. We maintain our view that the USD 126.00 fractal support looks vulnerable.

Copper

Copper, zinc and nickel fell as industrial metals reversed some of the gains that were driven by optimism the Federal Reserve was moving closer to cutting rates. LME copper futures traded at their highest in almost four months on Friday, after comments by Fed Chair Jerome Powell were interpreted as increasing the chances of monetary policy easing early next year. High interest rates have been a major headwind for industrial materials. “Everyone is talking about rate cuts so it’s difficult to short base metals – if rates are cut, the cost of carry will drop, companies can build up stocks again which means less in the market,” said Tiberius Group AG portfolio manager Jo Harmendjian (Bloomberg). The futures had traded above our USD 8,614 target into the close on Friday, but the move failed to hold. We did note this morning that although moving lower there was the potential for one more test to the upside, making USD 8,483 the key support to follow. The futures have traded below our key support, meaning that the probability of the futures trading to a new high has started to decrease, implying there is a greater chance that the upside cycle may have completed, for now.

Capesize

The index is USD 2,857 higher today at USD 54,584; although bullish, this is showing signs of a slowdown. The Jan futures responded by selling USD 3,700 lower to close at USD 17,000 having traded to a high of USD 21,750 on the open. For more information on the technical, please click on the link. Capesize Technical Report 04/12/23 https://fisapp.com/wp-content/uploads/2023/12/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-04-12-23.pdf

Panamax

The index is another USD 899 higher today at USD 20,630. The Jan futures opened with bid support to trade to a high of USD 17,625; however, the open was followed with heavy selling pressure resulting in the futures selling USD 3,000 off their high, to close the day USD 1,850 lower at USD 14,625. Technically we are moving lower on the back of a negative divergence in what is potentially a 5 wave patten higher on the rolling contract, warning the cycle has possibly completed. Theres is a couple of issues with this; firstly, like the Capes, the outright Jan futures would suggest that downside moves could potentially be countertrend. In theory, it is hard to distinguish which one is correct, the rolling or the outright. However, the Q1 24 intraday Elliott wave cycle suggests that downside moves should be considered as countertrend. Based on this, we are going to follow the Jan outright cycle at this point. Admittedly, this is not our usual approach, but the wave cycles do tend to fall apart a bit on the roll from Dec to Jan, due to the discounts. Normally, this is not much of an issue, but this year, we are in a bull market across the board, making it a little more obvious.

Supramax

The index is USD 410 higher at USD 16,788. We are just going to look at Jan outright, as that is where we are focused on the Capes and Panamax. The downside move in the futures today means that the RSI has broken support, suggesting upside moves could struggle to hold in the very near-term. However, the longer-term Elliot wave cycle continues to suggest that downside moves look like they will be countertrend in both the Jan and the Q1 futures at this point. With no significant pullbacks early on, we cannot easily decipher where the wave 3 starts, meaning we are having to run the Fibonacci levels from the high/low, making USD 11,600 the key support to follow.

Oil

The OPEC+ oil production cuts can "absolutely" continue past the first quarter if needed, Saudi Energy Minister Prince Abdulaziz bin Salman said, as he pledged the curbs would be delivered in full. The supply reductions announced last week of more than 2 million barrels a day — about half of which are coming from Saudi Arabia — will only be withdrawn after consideration of market conditions and using a "phased-in approach," he said. As the prince was speaking to Bloomberg, crude prices remained below the level seen before the OPEC+ meeting, trading near $78 a barrel in London. Oil has failed to find renewed momentum after market-watchers noted that only about half of the cuts are entirely new, and questioned whether all of the promised supply reductions will actually materialize (Bloomberg). This is a technical that is now in balance. The Saudi's are talking up the market to give it support; however, we rejected a key resistance to the upside on a 3-wave pattern resulting in the intraday going back into bearish territory. If we trade below the USD 76.60 level, we are looking at bearish wave extension, meaning we could trade as low as USD 71.72, which is dangerously close to the long-term support zone. Support on this technical is vulnerable, so expect the news wire to remain busy over the coming days as OPEC try and talk the market up.

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

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