



European Close

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| | Previous Close | Current Close | % Change | | Previous Close | Current Close | % Change |
|----------------------|----------------|---------------|----------|---------------------|----------------|---------------|----------|
| Cape 1 month forward | 13625 | 15050 | 10.5% | Pmx 1 month forward | 13550 | 14700 | 8.5% |
| Cape Q2 24 | 18875 | 19875 | 5.3% | Pmx Q2 24 | 15600 | 16300 | 4.5% |
| Cape Cal 25 | 17625 | 17875 | 1.4% | Pmx Cal 25 | 12625 | 12800 | 1.4% |

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|---------------------|----------------|---------------|----------|----------|----------------|---------------|----------|
| Smx 1 month forward | 12925 | 13800 | 6.8% | Brent | 79.73 | 80.29 | 0.7% |
| Smx Q2 24 | 15000 | 15600 | 4.0% | WTI | 74.51 | 75.33 | 1.1% |
| Smx Cal 25 | 12475 | 12650 | 1.4% | Iron ore | 132.25 | 135.15 | 2.2% |

Iron Ore

Source FIS/Bloomberg

China said it will cut the reserve requirement ratio for banks within two weeks and hinted at more support measures to come, an unusually early disclosure that shows mounting urgency across President Xi Jinping's government to shore up the economy and halt a \$6 trillion stock-market rout. The RRR — which determines the amount of cash banks have to keep in reserve — will be lowered by 0.5 percentage points on Feb. 5 to provide 1 trillion yuan (\$139 billion) in long-term liquidity to the market, the People's Bank of China's Governor Pan Gongsheng told reporters at a briefing (Bloomberg). The futures have been moving higher on the back of momentum support in recent days, in what had looked like could be a countertrend move based on our Elliott wave cycle. However, the surprise announcement means we have seen a strong move higher in the Feb futures. Price has risen USD 5.50 since the low yesterday (5%) with the futures testing but not breaching the USD 137.06 resistance. Technically we remain in bearish territory based on the Elliott wave cycle; however, the wave cycle is based on the psychological footprint of the market, which has in theory probably changed due to the announced RRR cut. This would suggest that the resistance could be broken tomorrow, meaning the probability of the futures trading to a new low will decrease, whilst the probability of the bearish wave cycle failing will increase.

Copper

We were technically bearish with upside moves considered as countertrend in the morning report. Momentum was supported with price testing the 4-hour 200-period MA at USD 8,442; we noted that a close above the average would further support a near-term bull argument, whilst a rejection of the average would warn that support levels could come under pressure. What was good for iron ore has been good for copper, the news out of China means we have seen the futures trade above the USD 8,555 resistance. This means that the probability of the futures trading to a new low has started to decrease, suggesting that this Elliott wave cycle will fail as well. I can warn you in advance, that you will probably be seeing 5 very repetitive technicals in base tomorrow morning!

Capesize

The index turned again today with price USD 375 higher at USD 17,877. We noted on yesterday's close report that we had a downside rejection candle that had closed back above the weekly pivot level, if we could hold above it, then the USD 15,175 fractal resistance would start to look vulnerable. The Feb futures moved higher on the open to close back above the 55-period EMA, before pushing again post index to close the day USD 1,450 higher at USD 15,075. It is a bullish close based on price with tomorrow's pivot point looking like it will be around USD 14,566, if we open above this level then we should continue to move higher. A couple of things to note, the intraday 4-hour RSI is at resistance whilst the 1-hour remains divergence; however, if we trade above USD 15,175, we will break above last weeks high. In itself, a new high will not be significant, but if we close on Friday above this level, it will warn that there is an increase in buy-side momentum, suggesting we could see further upside. Failure to close the week above USD 15,175 will warn that there is a chance that the upside move could fizzle out, we have two more sleep before we will have the close, so the next couple of session will be important for market longs. We should note that we are creating a nice 3-point pivot low on the weekly chart, but as stated, we need the bullish close on Friday.

Panamax

Another good index today with price USD 455 higher at USD 13,632. As noted last night that the Feb futures had broken the pennant to the upside, resulting in the futures gapping higher on the open. We are still below the USD 15,000 fractal resistance, meaning we are still bearish; however, the probability of the futures trading to a new low is decreasing the higher we go. The 4-hour RSI is making new highs, but we do have a minor divergence on the 1-hour that needs to be monitored. We close the day USD 1,150 higher at USD 14,700, with tomorrow's pivot level looking like it will be around USD 14,500. This should make for an interesting open, if we can hold above the pivot for the first couple of hours, we could see another push higher. However, if we close below the USD 14,500, we could see an intraday pullback due to the 1-hour divergence. All eyes will be on the open.

Supramax

The Index continues to strengthen with price USD 188 higher at USD 11,546 today. We closed on the 200-period intraday MA last night, meaning the technical was till neutral; however, we noted that the USD 13,188 resistance looked vulnerable. Like the Panamax, the Feb contract gapped up on the open to close the day USD 875 higher at USD 13,800. For more information on technical please click on the link. Supramax Technical Report 24/01/24 <https://fisapp.com/wp-content/uploads/2024/01/FIS-SUPRAMAX-4-PAGE-TECHNICAL-REPORT-24-01-24.pdf>

Oil

Crude inventories fell by more than 9 million barrels, the biggest decline since August. The dip pushed WTI futures above \$75 a barrel, the top of its recent trading range. Production in the Permian Basin and North Dakota fell sharply as freezing weather shuttered operations. A sharp decline in crude imports from the Middle East contributed to the draw (Bloomberg). The futures have moved higher on the draw resulting in price trading above the intraday fractal resistance at USD 80.55. Both the 1 and 4-hour RSIs are in divergence, warning we have the potential to see a momentum slowdown, we also have the daily 200-period MA at USD 81,73, that has the potential to act as a resistance. I get the fundamental reason for the long build in the market, I just can't see this being replicated in the intraday and daily price action at this point. I look only at the technical, and price action suggests caution.

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