

FIS European Close

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

	Previous Close	Current Close	% Change
Cape 1 month forward	20475	21375	4.4%
Cape Q2 24	23375	24200	3.5%
Cape Cal 25	19725	19825	0.5%

	Previous Close	Current Close	% Change
Pmx 1 month forward	15275	15625	2.3%
Pmx Q2 24	16125	16350	1.4%
Pmx Cal 25	13275	13400	0.9%

	Previous Close	Current Close	% Change
Smx 1 month forward	15225	15400	1.1%
Smx Q2 24	15525	15700	1.1%
Smx Cal 25	13075	12975	-0.8%

	Previous Close	Current Close	% Change
Brent	77.93	78.45	0.7%
WTI	72.8	73.17	0.5%
Iron ore	125.7	125	-0.6%

Early one today, as I am going to the dentist

Source FIS/Bloomberg

Iron ore

Iron ore hit a three-month low as the upcoming Lunar New Year and ongoing property market crisis cast a shadow over Chinese demand. Benchmark futures in Singapore dropped for the fifth time in six sessions, sinking below \$124 a ton overnight to hit the lowest intraday level since early November. Hot-metal production in China is muted, with pre-holiday steel demand generally weak, according to Huatai Futures Co (Bloomberg). This is a difficult one, fundamentally we are bearish. The futures are trading to new lows on the rolling front contract. However, if we look at the wave cycle, we have a large 3-wave corrective pattern (A, B, C) with the wave C consisting of 5-wave that is ending in a divergence. In theory, the futures are not really a technical sell at these levels outside of very short-term moves. However, if we move higher and reject the USD 131.74 resistance, be careful, as it is warning that the wave C could become something much larger (I.E., the 5-wave pattern we are seeing on the lower timeframe, could become wave 1 of wave C on the higher timeframe).

Copper

Speculators have increased their bullish LME copper bets by 12,618 net-long positions to 71,981, weekly bourse data on futures and options show. The net-long position was the most bullish in about three years. Long-only positions rose 15,776 lots to 348,790 in the week ending Feb. 2. The long-only total was the highest in about five months. Short-only positions rose 3,158 lots to 276,809. The short-only total was the highest in more than two months. NOTE: Figures do not include risk-reducing (hedging) trades. For details, see LME CA COT (Bloomberg). The futures have consolidated today with the RSI now testing its MA, if we move above it and price starts closing above the daily pivot level, then we could see an intraday move higher. However, as noted in the morning reports, upside moves look like they could be countertrend at this point. This goes against the Bloomberg article, but this is how we read the technical.

Capesize

Another good index today with price USD 1,897 higher at USD 19,663. The futures gapped higher on the open but gave back early gains; however, the March contract is going to close the day USD 900 higher at USD 21,375 (As of 16.00 GMT as I have the dentist). We noted in the morning report that the RSI is making new highs whilst the current bull wave is greater than 161.8% than that of the previous wave (this includes the roll), suggesting it is a bullish impulse Elliott wave, meaning downside moves look like they will be countertrend at this point.

Panamax

The Index has turned today with price USD 83 higher at USD 11,515. The March futures are supported with the negative divergence coming under pressure. As noted yesterday, the Capes and Smx RSIs have made new high, warning the Panamax divergence could fail. The carry at around USD 4k remains a concern as it is warning we could be a little overextended to the upside. For more information on the technical, please click on the link. Panamax Technical Report 06/02/24 <https://fisapp.com/wp-content/uploads/2024/02/FIS-PANAMAX-4-PAGE-TECHNICAL-REPORT-06-02-24.pdf>

Supramax

The index is starting to turn again with price USD 39 higher at USD 11,450. The March futures remain supported with price USD 175 higher at USD 15,400. The RSI is making new highs, warning downside moves have the potential to be countertrend, making USD 13,116 the key support to follow, if broken, then the probability of the futures trading to a new high will start to decrease. Like Panamax, the carry on the index is around USD 4k which is warning that the futures are a little overextended at these levels, meaning we need some bumper index figures, otherwise the futures will need to either consolidate or correct.

Oil

Oil held onto Monday's advance and returned to a narrow trading range as investors weighed risks in the Middle East against hawkish comments from the Federal Reserve. West Texas Intermediate rose about 0.5% to top \$73 a barrel after rebounding from a three-week low on Monday. Prices have now returned to the roughly \$5 channel where they've spent most of this year. Algorithmic trading has exacerbated price choppiness as its trend-following traders quickly flip from bearish bets to bullish ones (Bloomberg). The futures are moving higher with the RSI above its MA, the average is also turning higher, warning momentum is becoming supported. However, the recent low on the RSI would suggest that the current move higher looks to be countertrend at this point, making USD 82.02 the key resistance to follow.

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

EdwardH@freightinvestor.com

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