

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	24875	25250	1.5%	Pmx 1 month forward	16000	15750	-1.6%
Cape Q3 24	25850	25675	-0.7%	Pmx Q3 24	16275	16200	-0.5%
Cape Cal 25	21000	20975	-0.1%	Pmx Cal 25	13425	13525	0.7%
	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	15225	15050	-1.1%	Brent	81.74	81.16	-0.7%
Smx Q3 24	15300	15200	-0.7%	WTI	77.25	76.74	-0.7%
Smx Cal 25	12875	12850	-0.2%	Iron ore	121.6	119.55	-1.7%

Iron Ore

Source FIS/Bloomberg

Bullish this morning with momentum conflicting. The longer-term divergence remained in play, implying caution on upside moves above USD 122.90; However, as highlighted in the morning report, the June futures were still vulnerable to one more test to the upside due to the RSI breaking near-term resistance. A downside move in the Asian day sessions meant we now have a bearish engulfing candle with price closing below the 200-period MA on the daily chart, adding pressure to the technical. The June futures have sold USD .57 lower to close the day at USD 119.10, below USD 116.47, the probability of the futures trading to a new high will start to decrease. We may have the one more test to the upside, but when we look at the daily chart, we have a very cautious view on upside moves at this point. Due to this, we now longer consider the futures a 'technical' buy at these levels, as there is a good chance key support could be tested.

Copper

Copper fell for a third day as Chinese factories balked at paying record prices. Hawkish comments from Federal Reserve officials also pressured base metals. Prices have dropped about 7% from Monday's record as a surge in bullish bets put pressure on holders of short positions to close out their trades. Copper had its biggest intraday drop in nearly two years on Wednesday amid profit-taking by bullish investors and new signs of weaker demand in China (Bloomberg). We could see this morning that downside sell pressure had eased by the size of the candles; however, once Europe woke up, we did sell below the USD 10,256 support, meaning the probability of the futures trading to a new high has now started to decrease. Having traded to a low of USD 10,210, the futures produce a bullish rejection candle, implying there was buy-side support in the market, resulting in price trading to a high of USD 10,508. However, we have rejected the weekly pivot level (USD 10,465 meaning we also have a bearish rejection candle in play. Price action is neutral, breakout range is USD 10,210 – USD 10,508.

Capesize

Unchanged on the index with price only USD 3.00 higher at USD 21,432. We noted in the morning report that the futures had opened above the daily pivot point with the futures showing light bid support. However, the MA on the RSI was warning that momentum was weak whilst the RSI had made a new low the day before, suggesting upside moves still had the potential to be countertrend. Post index the June futures have sold USD 350 lower to close the day at USD 25,250. We maintain our view that the USD 24,625 low remains vulnerable.

## Panamax

Like the Capesize, only a small move in the index today with price USD 16 higher at USD 15,156. We noted this morning that the move below USD 15,910 support meant that the bearish Elliott wave cycle was back in play, warning that the USD 15,375 support was vulnerable. We also highlighted that the futures were trading in the EMA resistance warning we could potentially be about to find selling pressure. This turned out to be correct, with price failing to trade higher. The June futures have sold USD 350 lower since the morning report to close at USD 15,750. We maintain our view that the USD 15,375 support could be about to be tested.

## Freight spreads

Freight Spread Report 23/05/24 <https://fisapp.com/wp-content/uploads/2024/05/FIS-FREIGHT-SPREAD-REPORT-23-05-24.pdf>

## Supramax

A bit of acceleration to the downside today with the index coming in USD 281 lower at USD 14,795. Technically bearish but in a small consolidation phase this morning, we noted that the current candle had opened near the low of the previous candle, warning support levels could come under pressure again. The futures have now broken the USD 16,100 support, meaning we have the potential to trade as low as USD 14,603 within this phase of the cycle. However, we are in divergence with a key long-term support at USD 14,829, if this level holds it will warn that there is potentially a larger bullish Elliott wave cycle in play. Bearish, we now have a note of caution due to the divergence in play.

## Oil

Oil hovered near two-month lows as traders weighed signs of a weakening physical market ahead of the start of the US summer driving season. West Texas Intermediate traded little changed near \$77 a barrel, roughly following broader financial markets amid a muddled outlook for crude's fundamentals. A report Wednesday showed inventories at the key storage hub in Cushing, Oklahoma, swelling to the highest in 10 months, while US gasoline demand improved marginally ahead of the Memorial Day holiday weekend (Bloomberg). Technically, we are slightly lower than this morning with the futures still holding above the USD 81.05 level. Our view remains unchanged, a new low will create a positive divergence with the RSI, alongside the weekly 200-period MA at USD 79.67, suggesting caution on downside moves, as they could struggle to hold.

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