FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COAL



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	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Cape 1 month forward	32850	23750	-27.7%	Pmx 1 month forward	23600	22250	-5.7%
Cape Q122	18500	18425	-0.4%	Pmx Q1 22	22125	21925	-0.9%
Cape Cal 22	21987.5	21898	-0.4%	Pmx Cal 22	20106.5	20100	0.0%

	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Smx 1 month forward	26625	24000	-9.9%	Brent	73.52	70.34	-4.3%
Smx Q1 22	23000	22650	-1.5%	WTI	70.06	65.16	-7.0%
Smx Cal 22	20075	20575	2.5%	Iron ore	102.75	101.9	-0.8%

Iron Ore Data Source FIS and Bloomberg

Muted price action in the futures today, as highlighted on the morning technical the intraday Elliott wave would suggest we should trade above the UD 106.10 level, whilst the daily technical has strong resistance around these levels in form of the longer period EMA's (30-60). The result is limited price action. If we make a new high, then the futures will produce a negative divergence meaning that from a technical perspective the market is not considered a buy. Steel margins continue to move higher which supports our intraday wave analysis for a near-term move above USD 106.10; however, daily EMA resistance is at USD 106.43, USD 108.40, and USD 112.39.

Copper

We noted on the morning report that if yesterday's bull gap was filled then the futures would target the USD 9,445 fractal support. Price has closed the gap and made a new low due to continued worries relating to the omicron variant. The CEO of Moderna Inc was reported (through most press agencies) as saying that existing vaccines will not provide the same level of protection against omicron as they do against previous strains. The new low has created the divergence in the market that we were expecting, which warns that we have the potential to see an intraday momentum slowdown. It is important to note that this is a warning and not a buy signal, in terms of category we would class this as a category C, meaning it is a weak signal that will need confirmation from other indicators. Technically bearish the futures are now targeting the USD 9,315 low from the 18/11/21.

Capes

A mixed day for the cape market with the Dec futures getting the bullish open that it had been seeking. This would suggest the intraday futures are looking at an Elliott wave 3, indicating the downside move in Dec is considered as countertrend. However, the roll has gone through creating a resistance gap in the Jan contract with price now looking to test the old trend resistance. For more information on the technical please click on the link. Capesize Technical Report 30/11/21 https://fisapp.com/wp-content/uploads/2021/11/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-30-11-21.pdf

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Panamax

We noted yesterday that confidence remained muted in the Dec futures since the futures and the index were near equilibrium. Price did follow the capes higher on the open to trade up to USD 24,750, however a momentum slowdown in the index (USD 684 higher at USD 23,961) resulted in the futures closing the day below its opening price at USD 23,750. The futures are starting to show signs of exhaustion, any further slowdown in the physical market could result in price entering a corrective phase. Yesterdays close was a bearish Harami pattern, todays roll means the technical is trading lower due to the Jan contract trading at a discount to Dec. Tomorrows pivot point is at USD 22,516, if the Jan contract opens below this level, we could see selling pressure in the morning session. The cape futures came under pressure this afternoon, if they do not have a bull open you could see some profit taking in the Panamax market from the off.

Supramax

The index continues to move higher but at a subdued pace (USD 137 higher at USD 25,736). Bulls entered the market to test the resilience of the bears today with USD 27,250 being the battle ground, above this level the futures would have been considered as bullish. From a technical perspective today could be significant as the USD 27,250 level has been tested and held, resulting in the futures trading USS 1,200 lower, to close the day at USD 26,050. The market is consolidating with upside moves failing to hold, the index is in a countertrend move that has the potential for further upside; however, sideways action in the Dec is starting to look like we are seeing some distribution in the futures. The index needs to continue to produce higher numbers as any slowdown from here will result in a corrective phase for the paper.

Oil

The near-term technical remained bearish yesterday having rejected our USD 76.90 resistance. Price continues to come under pressure with the futures down USD 3.20 to USD 70.24, the technical is firmly bearish. The U.S are now trying to repair their relationship with Saudi after releasing millions of barrels in the market from their SOR's a week or so ago (Bloomberg). This is the elephant in the room which JPM touched on yesterday, OPEC and friends control around 40% of the world's oil supply and have recently come under a strategic attack from the world's largest economies. We are bearish, but it does beg the question on how they will respond, increasing oil flow over the next year is not in their favour. The question is, will they look to tighten supply to balance the market, will they go a step further to push the price higher? Or alternatively, will they leave supply unchanged for now and look for a natural stabilization? They may play a political game in the near-term, but ultimately, they will not allow this downward pressure to last too long.

Have a nice Evening

Ed Hutton

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