

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	22125	22875	3.4%	Pmx 1 month forward	22000	22250	1.1%
Cape Q122	18333.5	18875	3.0%	Pmx Q1 22	22175	22600	1.9%
Cape Cal 22	22075	22350	1.2%	Pmx Cal 22	20350	20500	0.7%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	24500	24500	0.0%	Brent	74.01	74.75	1.0%
Smx Q1 22	23500	23550	0.2%	WTI	70.61	71.32	1.0%
Smx Cal 22	21450	21450	0.0%	Iron ore	109	108.25	-0.7%

Data Source FIS and Bloomberg

Iron Ore

The hot topic on Bloomberg today is supply and demand. Although futures in Singapore have dropped about 50% from their May highs, the contract is holding around \$110 a ton and tracking for a fourth weekly gain. That's largely on the belief that policy makers in China won't allow the property market and steel production to crater even more. But the availability of ore continues to swell. Mysteel reports another build in stockpiles held at Chinese ports, which have been increasing since October and are now sitting at more than three-year highs after imports in November handily beat expectations. Shipments from top supplier Australia are also on the rise, according to the latest weekly data. Steel margins will be the key to any bull run, if they remain inflated the cost of ore becomes less of a factor to the mill, as witnessed in May when the supply and the demand were balanced. It was the margins that were the key factor that drove ore prices higher. The Jan contract is relatively unchanged and remains supported around the USD 110.00 area.

Copper

Omicron and inflation are in the news today. The futures rallied this morning with the market holding the USD 9,474 support. However, headline inflation numbers in the U.S. were in line at 6.8% which is the highest since 1982. Yields and the USD basket have come under pressure which should have given the market some support. Omicron is the elephant in the room, the fear factor of the unknown, how fast will it spread, how mild is it, how will the global economy react? This is putting pressure on copper today having traded lower on bond defaults yesterday. The intraday technical is bullish but support looks like it is about to get tested again.

Capes

A lower index today means it is now considered as bearish based on price as it is at USD 40,035, below the USD 40,232 level highlighted yesterday. Price opened lower in the Jan contract but has rallied through the day to close around the USD 24,000, this will put the futures above our short-term moving average on Monday, suggesting we could have some more follow through providing we stay above USD 23,791. The index looks like it could be gaining downside momentum with the disparity gap around USD 16,000, the futures do have the potential to move higher, but we need to see how the index reacts to establish if it will have any real legs any real legs.

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Panamax

The index came in USD 696 lower at USD 26,274 with the futures holding support. The Jan contract is USD 250 higher putting the disparity at a more manageable USD 4,000. The futures needed to close above USD 22,916 to signal momentum is bullish based on price which we failed to do. However, the shorter-term averages will be at USD 22,083 on Monday, if price can close above this level then we could see higher pricing into Tuesday. If we close below this level, we could look to test the USD 21,000 fractal support, as the intraday technical is already bearish.

Supramax

The index is showing signs of slowing down with price USD 111 higher today at USD 28,065. The futures opened slightly lower but closed unchanged on the day with a range of just USD 750. Price has created a small bodied candle on the daily chart signaling indecision in the market. Technically bearish the futures are in a holding pattern.

Oil

A downside move yesterday, the futures are basing today, price is holding above the 200 period daily moving average at USD 73.11. key resistance remains unchanged at USD 77.12, below this level the futures remain technically vulnerable to further tests to the downside. In the news The Biden administration has ordered an immediate halt to federal support for coal plants and other carbon-intensive projects overseas, a major policy shift designed to fight climate change and accelerate renewable energy worldwide. (Bloomberg)

Have a nice Weekend

Ed Hutton