

FIS European Close

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

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	22875	23500	2.7%	Pmx 1 month forward	22250	22325	0.3%
Cape Q122	18875	19725	4.5%	Pmx Q1 22	22600	22550	-0.2%
Cape Cal 22	22350	23050	3.1%	Pmx Cal 22	20500	20500	0.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	24500	24550	0.2%	Brent	75.27	74.95	-0.4%
Smx Q1 22	23550	23575	0.1%	WTI	71.96	71.73	-0.3%
Smx Cal 22	21450	21350	-0.5%	Iron ore	108.25	115.7	6.9%

Iron Ore

Data Source FIS and Bloomberg

We touched on the topic of stimulus last week and today it became the focus with price moving 7% higher. Iron ore surged more than 7% in Singapore amid demand optimism on expectations that China will move to increase stimulus next year to bolster the economy. Prices also jumped in Dalian. Futures on the SGX extended a stretch of four weekly gains, the longest winning run since May, and headed for the highest close since late October. Economists predict the country will start adding fiscal stimulus in early 2022 after top officials said their key goals for the coming year include counteracting growth pressures and stabilizing the economy, even though curbs on property are expected to remain (Bloomberg). We had noted on the technical aspect of the market that pullback should be considered as countertrend, the futures have made a new high with intraday wave analysis suggesting we could have a near-term upside target with a USD 126 handle.

Copper

A mixed day for copper after the futures rose in the Asian session on the back of expected stimulus in China in early 2022. However, prices failed to hold after a rise in LME copper inventories for the fourth consecutive day, easing supply constraints in the spot market. Cash contracts now trade at a discount to futures (Bloomberg). The futures have now traded below our USD 9,474 support leaving the technical as neutral bullish. Having initially based around the USD 9,474 support on the 9/12/21 we are now testing the USD 9,435 support, this is not a clean bullish Gartley pattern as it is convoluted; however, it is still a bullish pattern that market sellers need to be aware of.

Capes

The index continues to move lower with price down USD 908 at USD 39,127 today. The futures started the day optimistically having had a decent close on Friday; however, price sold off during the day to close at USD 23,500 leaving price vulnerable on the open tomorrow, as the pivot level will be at USD 24,000. If we open below this level in the morning we could come under pressure, if we open above it then the near-term upside target is at USD 28,375. Some seasonality spreads on the App today alongside some pattern analysis on the Baltic Dry Index.

FIS European Close

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

Panamax

Bearish based on price the index is another USD 658 lower as we continue to see a narrowing of the disparity gap with the Jan-22 futures. A limited range today (USD 625) has seen the futures close the day USD 75.00 higher at USD 22,325. This is above our short period averages suggesting we could see further upside on the technical tomorrow; however, we have closed on tomorrows pivot (USD 22,316) so price will be in balance on the open. The disparity is now at USD 3,291 suggesting any upside move is likely to be limited unless we see a slowdown in the index.

Supramax

The index has ground to a halt, price is only USD 11.00 higher at USD 28,076 today, A close below USD 27,728 would indicate that momentum is weakening based on price. The Jan-22 futures remain in a holding pattern with price USD 50.00 higher at USD 24,550, leaving a disparity gap at USD 3,526. A slowing index has resulted in limited movement in the futures, the disparity gap would suggest the near-term downside is limited until we see a bearish index, however due to the slowing index there is little reason to buy today.

Oil

If there is one thing we have learned from Iron ore, it was not to bet against those in power, Speculators pushed price higher due to healthy steel margins and met a wall of restrictions. OPEC (well Saudi Arabia) has today warned the market that it will deal with speculators that short prices, which should in theory put a floor on the market. As a fund you cannot build a large short side position, as justifying this to your risk manager after a 'surprise' supply cut is not feasible. Price started bullish in the Asian session before coming under pressure around 5.00 a.m. UK time, we have made a lower low on the 60 min chart but will close the day around the USD 74.93 pivot point. Very hard not to have a bullish view seeing as OPEC control 40% of the world's oil.

Have a nice evening

Ed Hutton