

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	23500	20250	-13.8%	Pmx 1 month forward	22325	20375	-8.7%
Cape Q122	19725	17500	-11.3%	Pmx Q1 22	22550	21050	-6.7%
Cape Cal 22	23050	21625	-6.2%	Pmx Cal 22	20500	19875	-3.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	24550	23000	-6.3%	Brent	74.32	73.41	-1.2%
Smx Q1 22	23575	21950	-6.9%	WTI	71.13	70.46	-0.9%
Smx Cal 22	21350	20375	-4.6%	Iron ore	115.7	112.95	-2.4%

Iron Ore

Data Source FIS and Bloomberg

A day or rest in the futures today having rallied 7% yesterday. Price is slightly lower alongside onshore rebar which has resulted in a small pullback in margins at mill which are currently at a healthy RMB 844. Markets remain stable and supported with the PBOC reiterating prudent housing policy to support healthy growth (Bloomberg). The Jan futures closed the day at USD 114.00, stable but needing to trade above USD 123.90 to be considered as bullish.

Copper

A double hit for copper today as LME stocks are inching higher which is taking the pressure off the supply strain, this is coupled with a surge in U.S. producer prices which has resulted in a drop in bond yields and a rising USD basket. The Futures are USD 40 lower at USD 9,406, technically neutral bullish with price nearing the USD 9,349–USD 9,315 support zone. The longer-term daily trend points to consolidation as the moving averages are flat, the correction from the May high is looking complex; however, if you look at the chart from a weekly perspective this market remains way above major Fibonacci support levels suggesting we could be main in this consolidation corrective phase for a while yet. We will talk briefly about the rule of alternation from a very long-term perspective, the corrective move between 2018-2020 was drawn out and deep, this would suggest that this correction is likely to be shorter in time and shallow in the pullback.

Capes

Volatility and seasonality equals Capesize. The index is down USD 6,289 (16%) to USD 32,838 bringing the disparity gap with the Jan futures to USD 12,600. If you look at the 3 or 5-year seasonality chart you will see that prices do ease at the back end of Dec in preparation for January move lower. In the last 5 years the highest rates coming into Dec have been in 2017 and 2019, both of which came under severe pressure. The futures to be fair have this priced in, as we previously noted, the Jan contract would potentially track upside moves in the index but was unlikely to try and close the disparity gap. The futures produced a bearish close on Friday and has continued to move lower with price down USD 3,250 on the day at USD 20,250. Tomorrow the futures will probably trade below the USD 19,625 support, if we do it will create a positive divergence with the RSI. This is not a buy signal, but it does warn that we have the potential for a momentum slowdown.

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Panamax

No upside moves today as the futures opened below the pivot point. Price has moves lower as downside momentum is increasing on the index. For more information on the technical please follow the link. Panamax Technical Report 14/12/21 <https://fisapp.com/wp-content/uploads/2021/12/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-14-12-21.pdf>

Supramax

The index is down but is it not yet out. A close below USD 27,900 is needed for momentum to be considered as bearish based on price. The disparity between the index and Jan-22 is USD 5,000, this looks like it is too large and would suggest that the index needs to move lower soon, or the paper will have to rally. Markets are efficient and freight is no different, we do have a USD 5,000 disparity, however the 5-year average seasonality drop in the Smx index in Jan is 24.34%, meaning the futures have a potential expectancy to settle around the USD 21,206 level. Ok, the odds on that being exact are slim; however, the futures are expecting the seasonality drop, suggesting the any upside move is likely to be limited.

Oil

The Feb-March spread is in contango for the first time since March, a warning signal of bearish sentiment in the market (Bloomberg). I have the article for those that do not have Bloomberg, feel free to reach out if you want to see it. The futures have come under pressure as oversupply becomes the new focus; however, let's not forget Saudi Arabia's warning to market, speculators coming at it from the short side will get a reaction. We may be moving lower but this market is still risk off, there is no evidence of any sizeable builds in open interest since price collapsed in late November. The technical is bearish with price failing to trade above USD 77.12, but at this point any sell offs in the market are likely to only be by intraday plays at this point.

Have a nice evening

Ed Hutton