

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	20250	20000	-1.2%
Cape Q122	17500	16900	-3.4%
Cape Cal 22	21625	21650	0.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	20375	20125	-1.2%
Pmx Q1 22	21050	20850	-1.0%
Pmx Cal 22	19875	19700	-0.9%

	Previous Close	Current Close	% Change
Smx 1 month forward	23000	23325	1.4%
Smx Q1 22	21950	21950	0.0%
Smx Cal 22	20375	20325	-0.2%

	Previous Close	Current Close	% Change
Brent	73.27	73.13	-0.2%
WTI	70.29	70.01	-0.4%
Iron ore	112.95	113.15	0.2%

Data Source FIS and Bloomberg

Iron Ore

Iron ore failed to hold early gains as traders assessed the outlook for steel production in top supplier China after output slumped in November to the lowest level for this time of year since 2017 (Bloomberg). Price did trade up to a high of USD 114.70 on the Jan contract before closing the day at USD 112.90. Margins remain stable at RMB 848 with onshore rebar marginally higher on the news. Technically bullish on the intraday above USD 110.51 and neutral bearish below.

Copper

A bad day for copper with the technical entering bearish territory on the back of subdued economic data out of China. Residential property sales and new housing area started by developers both dropped about 20% from a year earlier, pulling down the pace of overall investment spending in the Chinese economy. Copper slumped to the lowest in more than two months (Bloomberg). We noted yesterday that the correction looked complex, near-term fractal support is now at USD 8,810 with further support at USD 8,740. On the weekly chart we have Fibonacci support at USD 8,325 and USD 7,570. Technically bearish, the size of the daily candle would suggest there is more downside to come.

Capes

The index is another USD 5,701 lower today at USD 27,137. The downside move in the last two days is just over 27%, to keep this in perspective I think the 1987 stock market crash was only 25%. As noted yesterday the bulk of this is already priced in, the Jan-22 futures did move below the USD 19,625 support to trade down to a low of USD 18,500. However, the new low has created a positive divergence with the RSI (also highlighted) which has resulted in some buying post index. The technical is bearish, the divergence is giving some support to the market today, but it is important to remember that they can and do fail. Upside moves tomorrow that close above USD 21,513 would indicate that momentum is improving based on price; however, based on the index move of the last two days market buyers will possibly wait for the index to slowdown first.

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Panamax

Momentum in the index remains consistent with price another USD 1,218 lower today at USD 23,357. The disparity gap with the Jan futures is around USD 3,500 resulting in the futures trading down to USD 19,375 in the morning session. Post index, like the capes, we witnessed buying support in the market, nothing significant in terms of the upside moves as the futures were still USD 400 lower on the day. However, this has left us with a Doji cross on the candlestick, this is a sign that there is indecision in the market between buyers and sellers, a neutral candle. More dangerous at a market high than a market low it still needs to be observed. Technically we are bearish, however a close above USD 21,005 tomorrow would signal that momentum is increasing based on price, warning that we have the potential to enter some form of upside move.

Supramax

The index is potentially transitioning with the futures finding support in the Jan contract. For more information on the technical please follow the link. Supramax Technical Report 15/12/21 <https://fisapp.com/wp-content/uploads/2021/12/FIS-4-Page-TECHNICAL-REPORT-SUPRAMAX-15-12-21.pdf>

Oil

Oil clung to losses after a U.S. government report showed stockpiles increased at the nation's biggest storage hub. Futures in New York fell 1.1% on Wednesday. Inventories at Cushing, Oklahoma, rose 1.29 million barrels, according to an Energy Information Administration report. Meanwhile, domestic crude inventories fell 4.59 million barrels last week, according to an Energy Information Administration report. The industry-funded American Petroleum Institute reported an 815,000-barrel weekly decline on Tuesday (Bloomberg). Price is holding the USD 72.65 support highlighted on the morning technical, it is worth noting there is also a small divergence in play. On any normal day there would have been an expectation of higher pricing on the intraday after the futures traded above the USD 73.15 fractal resistance on the 60 min chart. However, the technical is back near the lows with price again holding support.

Have a nice evening

Ed Hutton