WET 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	20000	19125	-4.4%	Pmx 1 month forward	20125	20000	-0.6%
Cape Q122	16900	16900	0.0%	Pmx Q1 22	20850	20850	0.0%
Cape Cal 22	21650	21825	0.8%	Pmx Cal 22	19700	19800	0.5%

	Previous	Current			Previous	Current	%		
	Close	Close	% Change		Close	Close	Change		
Smx 1 month forward	23325	22750	-2.5%	Brent	74.42	75.16	1.0%		
Smx Q1 22	22075	21800	-1.2%	WTI	71.45	72.4	1.3%		
Smx Cal 22	20337.5	20175	-0.8%	Iron ore	113.15	117.75	4.1%		
Iron Ore					Data Source FIS and Bloomberg				

Iron Ore

Iron ore futures climbed on signs that China's steel production will increase this month for the first time since May. Crude steel production in the first third of December was up almost 12% from a month earlier, according to a survey of mills by the China Iron & Steel Association. Output of steel products also expanded (Bloomberg). A Strong rally in the Jan contract with price up around USD 7.00, the technical remains bullish with an upside target around the USD 126.23 level.

Copper

Going into the European close copper had looked very weak having created a lower low and a long-bodied candle, price rallied going into the close after clarity from the Federal Reserve regarding interest rates and bond tapering. As noted on the morning report, copper surged as one of Peru's biggest mines started winding down operations after failing to reach a deal to end community protests, delivering another blow to the local industry and global metal supplies. The Las Bambas mine will be unable to continue producing copper as of Saturday as it runs out of key inputs because of roadblocks, its Hong Kong-listed owner MMG Ltd. said in a statement. The mine began halting some processing operations on Wednesday as part of a gradual shutdown, according to a person briefed on the matter (Bloomberg). The 4-hour chart is now showing a V shaped recovery with the futures up over USD 300 on the day, the intraday technical is now in bull territory. The expectation is for the futures to move higher based on the V shaped pattern.

Capes

Momentum in the index is slowing with price down only USD 3,134 to USD 24,003, technically bearish there is a dual divergence with the RSI and stochastic warning of the potential for a momentum slowdown; however, there is still room for further downside even with the divergence in play. The upside move in the futures this morning did not have RSI support as it remained below its moving average, price failed to hold. The futures have closed below the daily pivot point meaning intraday price and momentum are aligned to the sell side. This would suggest the USD 18,500 level could be tested and broken on the open. As noted previously the Jan-22 contract is now in divergence also. Technically bearish the divergences need to be monitored.

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Panamax

The index continues to close the disparity gap with the Jan futures, price is down USD 1,063 to USD 22,294. The futures remain technically bearish, price opened above the daily pivot point but did not have support from the RSI resulting in a small move lower. A USD 750 range signals a quiet day as we approach the seasonal holiday.

Supramax

The index has now turned with price USD 311 lower at USD 27,649, momentum is considered as bearish based on price. For the futures it was a case of giving back the small gains from yesterday, price in the Jan is down USD 575 to USD 22,750, downside moves are unlikely to go below USD 21k (note seasonality comment on the 14/12) with the market likely to wait forth index to play catch-up.

Oil

Support held yesterday. Oil extended gains to the highest in three weeks a day after U.S. crude stockpiles dropped the most since September while the dollar slipped. Futures in New York gained as much as 3% on Thursday in a low volume trading session, while a weaker dollar which bolstered the appeal of commodities. The U.S. Energy Department on Wednesday reported a 4.58-million-barrel slump in crude inventories, a bullish signal to investors which may quell previous demand outlook concerns. Brent is up USD 1.38 at USD 75.26 leaving the futures to target the USD 77.12 resistance on the daily chart. We will still be bearish above this level, but it will put a neutral aspect on the technical. Basically, the deeper the upside move the lower probability of the futures trading back to their lows. That's the theory anyway.

Have a nice evening

Fd Hutton

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