

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	19000	17000	-10.5%	Pmx 1 month forward	23500	23375	-0.5%
Cape Q122	17750	18250	2.8%	Pmx Q1 22	23800	23850	0.2%
Cape Cal 22	23487.5	23562.5	0.3%	Pmx Cal 22	22400	22375	-0.1%

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Smx 1 month forward	23750	22500	-5.3%	Brent	76.68	75.86	-1.1%
Smx Q1 22	23425	22800	-2.7%	WTI	73.03	73.76	1.0%
Smx Cal 22	21750	21575	-0.8%	Iron ore	125.4	127.05	1.3%

Data Source FIS and Bloomberg

## Iron Ore

China's steel consumption is unlikely to continue its rapid rise, although it will plateau at an elevated level, according to the country's top industry group. Demand will stabilize over the longer-term after years of expansion, China Iron & Steel Association Vice Secretary Shi Hongwei said at a conference on Friday. Consumption may move higher or lower year-to-year while remaining strong overall, he said at a virtual event organized by researcher Mysteel (Bloomberg). Alongside rising energy costs this could keep iron ore prices at an elevated level into 2022. As noted on the morning technical, price is bullish but could produce a negative divergence above USD 119.45

## Copper

Copper prices are trading on thin volume into the seasonal holiday with the futures USD 22.00 lower on the E.U lunch time close. If we close the day below USD 9,581 then it will signal that momentum is weakening based on price; however, due to the holidays this is probably not a time to follow technical indicators.

## Capes

We have finished the year with a negative index which is USD 318 lower at USD 19,176, this is USD 4,139 over the 5-year average. Will we see elevated prices into 2022? Seasonality always points to a weaker first quarter; however, since the emergence of COVID we have seen port disruption a congestion keeping rates at the highest levels since 2008. With the emergence of the new variant, it would suggest that we will continue to see elevated prices and high volatility in the foreseeable futures. For the Jan futures we have seen price close the day up USD 625 to finish the year on a bull day.

## Panamax

Limited price action ad a tight range, price is up USD 325 meaning we finish 2021 on a bullish day. As noted yesterday, based on my Elliott wave analysis I believe that we still have another bull wave to come, if correct it would suggest we have potential to make a new high in the first half of 2022

## Supramax

Historically the index weakens in January. However, the Smx has a similar Elliott wave footprint as the Pmx, price may need to trade below USD 24,585 first, but we still have expectations for another bull wave that could test the market highs into 2022. The Jan contract continues to weaken in line with our expectations that price should test the USD 22,500 level in the near-term.

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Oil

The futures look to have potentially entered another intraday bull cycle faster than we expected. An array of banks have predicted that the futures will trade above USD 100 next year, meanwhile WTI's put skew is the least bearish since November (Bloomberg). A bullish weekly trend would support this. However, if you do see the weekly candle closing below and holding below the 60 period EMA then it would warn that the dynamics of the trend could be changing.

On behalf of everyone at FIS I would like to wish you all a Merry Christmas and prosperous new year.

It's a wrap!

Ed Hutton