FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	16875	17000	0.7%
Cape Q122	18300	18425	0.7%
Cape Cal 22	24325	24575	1.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	23125	23250	0.5%
Pmx Q1 22	23300	23450	0.6%
Pmx Cal 22	22250	22562.5	1.4%

	Previous Close	Current Close	% Change
Smx 1 month forward	22925	22875	-0.2%
Smx Q1 22	23000	23050	0.2%
Smx Cal 22	22050	22375	1.5%

	Previous Close	Current Close	% Change
Brent	81.99	81.74	-0.3%
WTI	79.46	78.89	-0.7%
Iron ore	127.33	127.23	-0.1%

Data Source FIS and Bloomberg

Iron ore

Iron ore headed for its seventh weekly advance in eight after a raft of signals from China on potential economic measures boosted demand alongside a short-term pickup in buying from steel mills. Futures in Singapore are up about 5% this week on growing optimism that fiscal policies, bigger tax cuts and monetary easing in China may come sooner than expected. Steelmakers are also restocking material before the Lunar New Year holiday that starts on Jan. 31 (Bloomberg). The futures have closed the evening session lower by $0.60 to close the week at USD 126.65, we have previously highlighted that above USD 129.45 we have the potential for a negative divergence, on looking at the weekly chart we can see that price action has been moving sideways for three weeks. We also note that the RSI is below 50 with the stochastic overbought, this would suggest that momentum is weak on the higher time frame, implying we have the potential to enter a corrective wave soon.

Copper

Having corrected for two days copper stabilized today, price traded down to the USD 9473.5 support yesterday before rallying into the close, the current candle is within the previous day's range this is known as an inside day, it would also be known as a bullish Harami pattern in the Japanese Candlestick world. The stabilization in price looks to be linked to the US dollar index which having risen yesterday has corrected today on the back of a mixed non-farm jobless report. The technical remains bullish above USD 9,365 below this level the pullback would be considered deep, making the technical neutral bullish, only below USD 9,135 will the technical be considered bearish.

Capes

The index is USD 632 higher today at USD 20,167 confirming that momentum is improving based on price. A mixed trading session for the February futures today with price trading up to a high of USD 17,750 in the morning before coming under pressure later in the day. The Feb will close USD 125 higher; however, we now have a rejection candle with the futures remaining below the USD 18,245 resistance, this leaves the technical vulnerable to further tests to the downside. Above this level the technical is considered as neutral/bearish only above 19,750 will it be considered as bullish. The trend is bearish however the futures are in divergence with the RSI meaning the technical is not considered a sell at this point.

Panamax

The index was higher yesterday but not enough to signal that momentum was improving based on price, today we have seen a weaker index with price USD 507 lower at USD 25,274. The futures opened above the daily pivot point in the Feb contract resulting in price trading to a high of 23,875. However, like the capes we have a similar situation where price failed to hold, resulting in the futures closing only USD 125 higher, at USD 23,250, just above the daily pivot point. The technical remains bearish when we look at the weekly chart, we can see that we have a lower high and lower low, with price closing below the low of the high candle, this is often a signal that we could see further weakness in the market. Monday's pivot point will be at 23,458, if we open below this level then we could see technical sellers re-enter the market.

Supramax

As previously noted, the index has shown a positive divergence with the RSI, price is USD 552 lower to-day at USD 22,813, meaning that the index and the Feb contract are now trading at equilibrium. Little movement on the futures today with price USD 50 lower at 22,875, we continue to see sideways action, the technical that's now looking neutral. It is worth noting that if we do move to the downside below USD 22,250, we will create another positive divergence with price, we maintain our view that the market is not a technical sell at this point

Oil

The key resistance in oil is USD 83.00, price traded up to this level today but not above it, meaning the technical is still not considered as bullish. we also noted on the morning report that there was a divergence in the market on the intraday contract, warning that we had the potential see some form of pullback, which has been the case. The futures now have a 5 - wave pattern higher if we do enter a corrective phase here from a technical respective it would suggest that there could be higher prices to come as bearish counter-trend moves usually produce three ways and not five, suggesting that the move we have witnessed from USD 65 dollars to USD 83 is a bullish impulse move and not part of a longer-term corrective phase.

Have a nice weekend

Ed Hutton