European Close

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	17000	14850	-12.6%	Pmx 1 month forward	23250	21375	-8.1%
Cape Q122	18425	16475	-10.6%	Pmx Q1 22	23450	22000	-6.2%
Cape Cal 22	24575	23000	-6.4%	Pmx Cal 22	22562.5	21325	-5.5%

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	22875	21475	-6.1%	Brent	81.93	80.97	-1.2%
Smx Q1 22	23050	21775	-5.5%	WTI	78.94	78.31	-0.8%
Smx Cal 22	22375	21525	-3.8%	lron ore	127.5	125.4	-1.6%
					Data Source FIS and Bloomberg		

Iron Ore

Iron ore retreated on concerns that the community spread of the highly contagious omicron variant in top steel producer China will hurt the economy and cut demand for the raw material. Futures in Singapore dropped as much as 2.9% on Monday. The first omicron cases in the community ignited a testing blitz in the northern city of Tianjin as the government strives to maintain its zero-tolerance approach to Covid in the face of more transmissible variants (Bloomberg). The Feb contract has entered a corrective phase; however, the downside move is currently on lower volume, suggesting market buyers are pulling back rather than market sellers pushing price lower. The technical remains bullish above USD 115.03, below this level the pullback is considered deep meaning the technical is neutral/ bullish, only below USD 107.60 is the technical Bearish.

Copper

Copper prices on Monday fell 0.03 per cent to Rs 740.40 per kg in the futures trade, as participants trimmed their bets amid a weak trend in the domestic market. Analysts said cutting down of bets by participants in line with a weak trend in the spot market mainly led to the fall in copper futures (Bloomberg). It looks to be a case off the tail wagging the dog with the futures dictating the spot market, prices did trade higher in the early European session however they are now coming under pressure, the intraday trend is bearish based on price, as momentum. The near-term downside target for market sellers is now at USD 9467.50; on the daily technical we continue to see flat moving averages indicating a lack of trend, suggesting technical traders should be looking at Bollinger bands or Stoller average range channel bands (STARC).

Capes

The Feb futures continued to trade lower with price below the USD 15,325 low, The futures and the index are now moving in different directions, this due to the lack of tonnage coming out of Brazil. Vale SA, the world's second-largest iron ore producer, halted some mine production because of heavy rainfall in the state of Minas Gerais. The Brazilian mining giant has partially suspended train service on the Estrada de Ferro Vitoria a Minas railway and production in its southeastern and southern systems "to guarantee the safety of its employees and communities," it said in a statement (Bloomberg). The new low means we have a positive divergence with the RSI; however, due to the temporary mine closure there is now a higher probability of this divergence failing. Technically bearish and in trend the intraday moving averages (30-60) remain well spaced suggesting the trend is stable.

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FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COAL

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Panamax

We noted on Fridays close report That on the weekly chart we had closed below the low of the high candle which is often a signal we could see further weakness in the market. The index is USD 965 lower at USD 24,309 whilst in the February contract we are USD 2,000 lower at USD 21,250. We also noted on Friday that if price opened below the daily pivot point technical sellers could enter the market, price and momentum are aligned to the sell side with the futures closing the day at USD 21,250. We highlighted on a technical note last week that price had closed below the Stoller average range channel bands (STARC) on the first trading day of the year, warning of potential technical weakness, we note this as we are approaching the lower STARC band at USD 20,816. This does not mean that the support band will hold but it is something to be aware of. Technically bearish, near-term fractal support on the daily technical is at USD 19,375 which will be a target for market bears.

Supramax

The index continues to push lower which is with price USD 800 lower at USD 22,013. This has resulted in the futures coming under further pressure with the February contract down USD 1,400 to USD 21,475. The intraday technical is still in divergence however we are now only USD 600 about the USD 20,750 low, suggesting this level could be tested tomorrow. Tomorrow's pivot point will be at USD 21,700, if we open above this level then we have the potential to see higher pricing; however, if we open below this level we should expect the futures to test the nearterm support. It is worth noting that a new low will create a positive divergence on the daily technical.

Oil

As highlighted on Friday the futures failed to trade above USD 83.00 resulting in the futures creating a doji candlestick, indicating indecision in the market. Price is now moving lower with today's candlestick creating a lower high and a lower low, if we close below USD 81.42 it would suggest price is in a corrective phase. key support is at USD 79.07, downside moves that hold above this level will support a bullish argument, if broken the technical will target the USD 77.04 support. The daily technical is neutral/bearish with price looking like we are entering a corrective phase, key resistance remains unchanged at USD 83.00.

Have a nice evening

Ed Hutton

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