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

## FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	14000	13175	-5.9%	Pmx 1 month forward	21600	20075	-7.1%
Cape Q122	15950	15025	-5.8%	Pmx Q1 22	21900	20875	-4.7%
Cape Cal 22	22750	22425	-1.4%	Pmx Cal 22	21750	21525	-1.0%

	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Smx 1 month forward	21750	20500	-5.7%	Brent	84.84	84.59	-0.3%
Smx Q1 22	21950	21325	-2.8%	WTI	82.76	82.33	-0.5%
Smx Cal 22	21775	21400	-1.7%	Iron ore	132.25	127.55	-3.6%

Iron Ore Data Source FIS and Bloomberg

Iron ore fluctuated near the strongest level in three months as heavy rains battered Brazil's mining region, spurring supply concerns (Bloomberg). This has resulted in a mixed day as the futures with the Feb contract trading to a high of USD 134.15 before the market sold lower after several of China's largest banks became more selective about funding real estate projects by local government financing vehicles, concerned that some are taking on too much risk after they replaced private developers as key buyers of land, people familiar with the matter said (Bloomberg). Price did trade to a low of USD 126.70 before rallying in the afternoon session having found support on the 60 period EMA. Neutral/bullish on the technical as the pullback is deep, however momentum is warning we could have a test to the upside as the RSI is above 50 with the stochastic in oversold territory.

## Copper

The futures have taken a breather today after yesterday's strong upside move. Price has spent the bulk of the day trading around the USD 9,921 daily pivot point with the technical remaining in bullish territory. As highlighted in the morning report, we see this move as bullish impulse suggesting that market pullbacks should be countertrend at this point.

### Capes

The index came in USD 2,913 lower today at USD 14,477 which was below expectations. The Feb futures opened below the daily pivot point resulting in price trading to a low of USD 16,625 before finding support, resulting in price spending the bulk of the day around the USD 13k level. The weakening fronts has pulled the Q2 v Q3 spread around USD 350 lower to USD -5,582 meaning we are USD 1,741 below the 3-year average. However, the Q3 v Q4 spread held firm with price closing USD 78 higher, this is USD 2,176 above the 3-year average. The rolling front month Cape v Panamax spread (Feb) continues to hold just above its low at USD -6,900 which is up USD 700, this spread calculated in DWT continues to move higher warning that the outright spread has the potential to push over the next couple of days. Technically bearish the RSI is holding on its support at 34.

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#### Panamax

The index continues to come under pressure with price USD 1,012 lower at USD 20,733, suggesting the USD 19,460 low could be tested. On the Feb futures the trend support that we highlighted on the morning report has been broken (it was broken on the open) with price closing the day USD 1,525 lower at USD 20,075. The downside breakout would imply that the USD 19,375 fractal support could be tested in the coming days. A close above the USD 21,447 tomorrow would warn that momentum is improving based on price. Technically bearish, the trend break further adds to the bear argument.

## Supramax

The index is starting to see a momentum slowdown with price USD 225 lower today at USD 21,069. The futures have now traded below the USD 20,750 level to create a new low at USD 20,500, the technical is bearish but we now have a positive divergence with the RSI. The divergence is not a buy signal, but it is a warning we have the potential to see a momentum slowdown soon; it is worth noting that we now have positive divergences on both the paper and the index. Technically bearish and in trend, a close on the index above USD 21,979 would signal that momentum is improving based on price.

Oil

Oil prices will continue to rise in the second half of the year on the back of a "triple deficit" — low inventories, low spare capacity, and low investment — that is pushing the cost of the commodity higher, according to Morgan Stanley (Bloomberg). The futures have seen a USD 5.00 move this week resulting in the futures entering a consolidation phase today. The EMA's on the intraday chart remain well space suggesting the trend is stable with the futures targeting the USD 85.50 – USD 86.70 fractal resistance levels. The RSI has made a new high, however we have a negative divergence on the MACD, if the futures pullback below USD 82.10 we could see price enter a corrective phase.

Have a nice evening

**Ed Hutton** 

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