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

FIS European Close

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	Previous	Current			Previous	Current	
	Close	Close	% Change		Close	Close	% Change
Cape 1 month forward	13875	13875	0.0%	Pmx 1 month forward	20800	19675	-5.4%
Cape Q122	15625	15375	-1.6%	Pmx Q1 22	21700	21050	-3.0%
Cape Cal 22	23025	23075	0.2%	Pmx Cal 22	21875	21800	-0.3%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change	
Smx 1 month forward	21000	20500	-2.4%	Brent	86.47	86.4	-0.1%	
Smx Q1 22	21625	21225	-1.8%	WTI	#N/A N/A	84.22	#VALUE!	
Smx Cal 22	21450	21275	-0.8%	Iron ore	126.7	122.92	-3.0%	
					Data Source FIS and Bloomberg			

Iron Ore

Vale SA is ramping up mines in southern Brazil after the world's second-largest iron ore supplier suspended operations last week because of heavy rain. In a statement Monday, Vale said its Aboboras, Vargem Grande, Fabrica and Viga plants -- which represent about half the capacity of the company's southern system -- have been gradually restarting. In the southeastern system, the recovery of rail service is allowing production at Brucutu and Mariana to resume (Bloomberg). China's central bank cut its key interest rate for the first time in almost two years to help bolster an economy that's lost momentum because of a property slump and repeated virus outbreaks. In a stark policy divergence with other major economies, the People's Bank of China lowered the rate at which it provides one-year loans to banks by 10 basis points -- the first reduction since April 2020 (Bloomberg). Not a great day for the fundamental side of the futures with the Feb contract trading to a low of USD 122.15. From the technical side we also have concerns as the intraday Elliott wave cycle looks to have completed a 5-wave pattern, suggesting we are potentially in the early stages of a bearish phase as the 4-hour intraday technical has made a lower low.

Copper

Copper stockpiles in warehouses tracked by the London Metal Exchange rose by 6,550 tons to 92,850 tons, according to data from the bourse. In tonnage terms, that's the biggest increase since Sept. 17. The increase was mostly driven by deliveries into Rotterdam, a smaller inflow was also seen in New Orleans (Bloomberg). The downside move in the futures is deep meaning intraday technical is neutral/bullish; however, price held the USD 9,707 support on Friday and has held the USD 9,638 support today, meaning the futures have held the 66% and 78.6% retracements. By any stretch of the imagination this is not a clean Gartley pattern, but it will need to be monitored as it has the potential to be bullish. A close above the USD 9,821 level tomorrow will signal that momentum is improving based on price, warning the USD 10,072 fractal resistance could be tested.

Capes

With Vale gradually restarting the mines that were suspended last week we have seen a test to the upside in the Feb futures today. Price traded to a high of USD 14,750, before retracing leaving the futures to close unchanged on the day at USD 13,875. Intraday price and momentum are currently aligned to the buyside however tomorrow's pivot point will be at USD 14,000, meaning price will have to open above this level if we are going to see upside continuation. If we open below this level, we have the potential to see further selling pressure in the market, targeting the USD 12,625 low. The trend is technically bearish we are seeing signs of support in the market but at this point we remain vulnerable to another test to the downside.

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Panamax

The index remains bearish with price USD 441 lower today at USD 19,599, a close above USD 21,507 would be needed tomorrow for momentum to be seen to be improving based on price. In the Feb contract we did see a small test to the upside on the back of the short-lived rally in capes, however price failed at the USD 20,408 pivot, resulting in the futures closing on their low at USD 19,725. The trend remains technically bearish with near-term support at USD 19,375, downside moves below this level will target the USD 17,250 low, however we do have the potential to create a positive divergence, warning that the low may not be achieved. A close tomorrow above USD 20,333 would imply that momentum is increasing based on price, warning the USD 22,500 resistance could be tested.

Supramax

The futures remain in a bear trend with price trading to a low of USD 20,250 today before closing at USD 20,500, down USD 500 on the day. The index remains bearish and in divergence with price, which is USD 365 lower, at USD 20,503. The downside move remains steady with price needing to close above USD 21,295 for momentum to be seen to be improving based on price. The trade is technically bearish, the RSI on the daily technical is in divergence warning of the potential for momentum slow down. It is worth noting that seasonality on the rolling front month contract based on the 5-year average tends to base around the end of January, or the beginning of Feb. A close on the daily chart in the Feb contract above USD 20,708 would indicate that momentum is improving based on price.

Oil

Oil prices steadied, with Brent trading near its highest level since 2014 as the market tightened and concerns about the impact of omicron eased. Futures in New York held near \$84 a barrel in muted trading due to the Martin Luther King Jr. Day holiday in the U.S. Brent steadied above \$86 following a fourth weekly rally as winter temperatures supported demand for heating fuels. Meanwhile, geopolitical jitters returned as Yemen's Houthi fighters claimed to have launched drone strikes on the United Arab Emirates that caused an explosion and fire on the outskirts of the capital Abu Dhabi, leaving three people dead (Bloomberg). As noted on the morning report the futures had pulled back on the back of a negative divergence, however momentum was warning that the futures were vulnerable to a test to the upside, which has been the case. Moving averages on the 1-hour chart are well spaced implying the trend is stable, however we do have the potential to create further negative divergences above USD 86.71. Technically bullish and in trend, price could remain elevated due to geopolitical jitters.

Have a nice evening

Ed Hutton

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