

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	11525	12100	5.0%	Pmx 1 month forward	17000	19550	15.0%
Cape Q222	21325	22075	3.5%	Pmx Q1222	21500	23250	8.1%
Cape Cal 23	19050	19450	2.1%	Pmx Cal 23	15800	16350	3.5%

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Smx 1 month forward	17875	20250	13.3%	Brent	87.72	88.89	1.3%
Smx Q2 22	20750	22750	9.6%	WTI	86.17	87.33	1.3%
Smx Cal 23	15700	16050	2.2%	Iron ore	131.95	133.5	1.2%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures held above \$130 a ton as China's pledge to spur the economy bolstered demand prospects for the raw material, while near-term risks loomed as Beijing targets blue skies for the Winter Olympics. The consumption outlook for the steelmaking material has come into focus as China repeated a call this week to front-load infrastructure investment to help the economy, which has been dragged by a property downturn and mounting credit stress. Chinese lenders lowered borrowing costs for a second straight month, following the central bank's move to cut policy loan rates on Monday (Bloomberg). The repeated rhetoric from the Chinese government continues to push the futures higher with the Feb contract trading above the USD 134.15 to a high of USD 136.05. This would suggest we are seeing some form of Elliot wave extension (5th wave), leaving the futures to target USD 137.60 and USD 142.65.

Copper

It is the same story in copper as that of iron ore, monetary easing in China is pushing base metals higher. Having produced a bullish Gartley pattern and closed above the weekly pivot point yesterday (USD 9,774) the futures have now traded above our USD 9,975.5 resistance with the expectation that we should soon trade above USD 10,072, if broken market bulls will target the USD 10,452.50 level.

Capes

A bearish index (USD 1,622 lower at USD 8,547) did not stop the futures from moving higher today. Yesterday we highlighted that there were signs of exhaustion in the market warning we had the potential to base around this level, price has closed the day USD 600 higher at USD 12,125. Unfortunately, the market driver is not technical related. As many as 139 coal miners are allowed to resume exports after confirming that they have met their domestic supply obligation, according to Ridwan Djamaluddin, director general of minerals and coal in a virtual briefing on Thursday. 75 full-loaded ships belonging to those miners have resumed shipments, says Djamaluddin, declining to disclose the volumes. 12 other vessels were allowed to depart after the suppliers agreed to fulfill their local obligation and paid penalties. 9 ships belonging to trading companies were also allowed to depart. The ministry will issue a regulation on guidelines for export halt, fines and compensation penalties for miners who fail to fulfill their domestic coal supply requirements (Bloomberg). Price is holding with tomorrow's pivot point at USD 11,750, indicating we could find support on the open, however this technical has more to do before it enters bullish territory.

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Panamax

With Indonesia easing restrictions on coal exports the Panamax futures have outperformed the Cape market due to the Indo-China route being Panamax driven. Price is USD 2,750 higher in the Feb contract and has closed the day at USD 19,550. From a technical perspective our wave analysis had suggested that there could be another test to the downside; however, this is based on a psychological footprint of the market and should now be discounted due to the ban being eased, as the market sentiment has been to short cover. The intraday technical is now bearish neutral, if it trades above USD 20,800 it will be bullish. Likewise, above USD 22,500 the daily will enter bull territory.

Supramax

A different vessel but driven by the same news. The Feb futures have closed the day USD 2,375 higher at USD 20,250 as market shorts look to cover. Upside moves above USD 21,000 will put the intraday in bull territory whilst above USD 24,250 the daily technical will be bullish. As highlighted in Panamax, the intraday Elliott wave cycle had suggested that upside moves should be considered as countertrend. However, this should be treated with uttermost caution due to the lift in the export ban.

Oil

Oil remained near the highest level since 2014 after U.S. crude stockpiles rose modestly amidst renewed pledges from President Joe Biden to try to curb prices. Futures in New York edged closer to \$87 a barrel after earlier declines. Domestic crude stockpiles rose 515,000 barrels, according to an Energy Information Administration report. This is the first increase in stockpiles in eight weeks. Meanwhile, the U.S. will work to accelerate the release of strategic reserves, White House National Economic Council Director Brian Deese told Bloomberg TV. Yet many of Biden's options to address the rally would be limited and likely short-lived. Crude's recent surge poses a challenge for consuming nations and central banks as they try to stave off inflation while supporting economic growth (Bloomberg). Technically bullish the futures remain in trend with the Elliott wave cycle indicating that downside moves should be considered as countertrend. Both the technical and price are largely unchanged meaning there is little to add other than the intraday RSI is showing a negative divergence.

Have a nice evening

Ed Hutton