FIS

European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	12100	10500	-13.2%
Cape Q222	22075	21500	-2.6%
Cape Cal 23	19450	19300	-0.8%

	Previous Close	Current Close	% Change
Pmx 1 month forward	19550	18250	-6.6%
Pmx Q1222	23250	23000	-1.1%
Pmx Cal 23	16350	16075	-1.7%

	Previous Close	Current Close	% Change
Smx 1 month forward	20250	19500	-3.7%
Smx Q2 22	22750	22125	-2.7%
Smx Cal 23	16050	16125	0.5%

	Previous Close	Current Close	% Change
Brent	87.48	87.49	0.0%
WTI	86.29	84.77	-1.8%
Iron ore	133.5	137.45	3.0%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures climbed to the highest intraday level since October as China made it clear that it will take action to stabilize the economy, bolstering the demand outlook for the steelmaking raw material. Prices are on course for a weekly advance of more than 7% as Beijing tries to spur an economy that's being tested by spreading omicron outbreaks, a decelerating property sector and sluggish consumer sentiment. The central bank cut borrowing costs earlier this week, and economists expect it to take more action in the first half of 2022. Additionally, in a positive sign for metals, the country's top economic planning body repeated a call to front-load spending on the infrastructure sector (Bloomberg). The futures have traded above the weekly fractal resistance at USD 137.60, further supporting a bull argument. The technical is bullish and targeting the USD 142.65 level in the near term, downside moves the hold above USD 127.62 will support further upside moves. Below this level a neutral bias creeps in due the depth of the pullback. On the weekly chart the RSI is it 50 which is stochastic overbought, the RSI will need to hold above this level otherwise the longer period technical Could be vulnerable to a downside move.

Copper

Base metals edged down from a record high as traders weighed tight supplies that sent aluminum and copper prices surging against worries of a possible seasonal slowdown in demand. The London Metal Exchange's LMEX index -- which tracks the six main contracts traded in London -- hit a record on Thursday and is heading for a seventh weekly gain as prices rally on dwindling exchange stockpiles. Metals burst into 2022 with synchronized tightness across markets, bolstered by Chinese stimulus and falling global inventories. Given the recent rally, "I wouldn't be surprised to see profit-taking or stop-outs into the weekend," said Michael Cuoco, head of hedge-fund sales for metals and bulk materials at StoneX Group (Bloomberg). The futures moved lower in the Asian session, however the intraday support levels highlighted in the morning report have held with price trading near the previous days high. Our seasonality chart does support weakening prices in the back half of January based on 3-year average values, this would suggest the futures could see a technical pullback soon.

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Capesize

January is never a great month for the Capesize market, and this year is proving to be no different with the index moving USD 1,157 lower to USD 7,390 today. To add to add to the market woes the global average VLSFO price has hit the highest level since price indications for the new fuel started to emerge in 2019. The average VLSFO gained USD3 to USD 694.5 on Thursday (Bloomberg). The continued weakness in the physical market and subsequent weakening index means the futures came under pressure on the opening bell, with price closing below the daily pivot point in the first hour of the day. This created a further sell off leaving the futures to close the day down USD 1,600 at USD 10,500. Bearish and in trend with another divergence on the one hour technical, the moving averages are stable suggesting that although in divergence we still have the potential for further the downside. A Cape v Panamax spread today in the Cal 23 - Capesize v Panamax Cal 23 Technical and Seasonality Report 21/01/22 https://fisapp.com/wp-content/uploads/2022/01/FIS-Cape-v-Panamax-Cal-23-21-01-22.pdf

Panamax

We obviously saw very strong upside moves in the Panamax yesterday due to the lifting of the coal ban in Indonesia, this is resulted in a slowdown in the index with price only USD 133 lower today at USD 16,751. The futures had moved higher on the back of short covering, however today the market was more sedate resulting in the futures selling off USD 1,300 to close the day at USD 18,250. The futures could still be transitioning to the buyside with price holding above support levels and the Elliott wave now considered less reliable due to the change in the fundamental. For what it's worth on the weekly chart price has traded below the USD 17 250 level to make a lower low but the RSI is on support, in theory we have a very minor positive divergence. The intraday technical is still bearish with price needing to trade above USD 20,800 to create a higher high; however, if the USD 17,555 support holds we could see further bullish price action. A Cape v Panamax spread today in the Cal 23 Capesize v Panamax Cal 23 Technical and Seasonality Report 21/01/22 https://fisapp.com/wp-content/uploads/2022/01/FIS-Cape-v-Panamax-Cal-23-21-01-22.pdf

Supramax

Like the rest of the freight complex price came under pressure on the open but held above the daily pivot point at USD 19,416. Price action since then has been very limited with the futures in the February contract closing the day at USD 19,500. On index we remain steady and bearish and in divergence, price came in USD 266 lower today at USD 19,237.

Oil

Oil fell alongside other financial assets and commodities as crude's red-hot rally to a seven-year high ran out of steam. Futures in New York slumped more than 3%, before paring losses to trade near $85 a barrel, as stock markets and raw materials including copper declined. Crude has gained more than 10% so far this year, despite weakness in equities as monetary policy tightens. Though crude was pressured on Friday, much of Wall Street has been growing steadily more bullish. Morgan Stanley has joined Goldman Sachs Group Inc. in forecasting $100 oil later this year, but Citigroup Inc. cautioned that sticking to a bullish view could be dangerous after this quarter. The International Energy Agency this week said the oil market was looking tighter than previously thought, with demand proving resilient despite the rapid spread of omicron (Bloomberg). The futures corrected in Asian hours but have held the first of our Fibonacci supports at USD 85.85, The technical remains bullish above USD 83.44 and neutral/bullish below. As we approach the close of the week, we have a neutral RSI on the 1-hour chart with the stochastic overbought, warning there is potentially more downside within this corrective phase. We maintain our view that this move to the downside is considered as countertrend.