

# FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	11125	13025	17.1%	Pmx 1 month forward	17700	18625	5.2%
Cape Q122	13500	14800	9.6%	Pmx Q1 22	19850	20425	2.9%
Cape Cal 22	23000	24300	5.7%	Pmx Cal 22	21750	22400	3.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	19000	19250	1.3%	Brent	90.08	90.33	0.3%
Smx Q1 22	20650	21025	1.8%	WTI	87.29	87.1	-0.2%
Smx Cal 22	21350	22200	4.0%	Iron ore	138.35	145.95	5.5%

Data Source FIS and Bloomberg

## Iron ore

We previously highlighted during the week that the technical had been in balance, we also noted yesterday that the upside move above RMB 777 in the DCE could prove to be significant, which has been the case. The breakout attracted interest in the Asian day session resulting in the Feb futures trading to a high of USD 147.25. However, coming into the final session before the CNY the market came under significant pressure with price moving USD 7.00 lower in the space of 2 hours. Price collapsed after China's state planner announced it will take effective measures to strengthen regulation and supervision of iron ore prices, it said on Friday. The National Development and Reform Commission (NDRC) said in a statement that it would also conduct investigations with relevant departments and severely crack down on illegal activities to keep iron ore prices stable (Today online). Technically, it is now all a bit off a mess, as price is straight up and straight down; However, state intervention last year resulted in the futures declining 63.81% in seven months, suggesting this bull run could potentially have just hit a brick wall!

## Copper

Another day another dollar, we say this quite literally. Copper led metals lower in London as the dollar strengthened further in response to hawkish policy signals from the Federal Reserve, while nickel extended a week of heavy losses as traders brace for additional supply. Copper prices fell as much as 2.2% in London, while the dollar rallied toward an 18-month high, in a move that could put further pressure on manufacturers using other currencies who have already seen the price of commodities spike. U.S. futures fell with European stocks as concern about tighter policy lingered across financial markets (Bloomberg). The rising dollar means that commodities including the base metals sector have come under pressure, resulting in the copper futures trading below the USD 9,630 support. The intraday technical is now bearish with the futures trading to a low of USD 9,503, Downside moves below USD 9,467.5 would mean that the daily technical is also bearish. We now have three consecutive lower highs on the daily technical with support looking like it should be broken in the coming days, the RSI has moved below 50, also supporting a bear argument. Technically neutral in the sense that it has not yet made a new low, the three falling peaks would suggest this market is pretty much bearish already.

## Capesize

We noted yesterday that the break in the trend and the higher high had the potential to have bullish implications for the market, but we needed to see support from the index. This has been the case with the index closing above the USD 6,525 level, indicating that momentum is improving based on price, (USD 2138 higher at USD 8,918). The futures followed the index higher keeping the disparity to around USD 5,000, the Feb contract closed at USD 13,025, up USD 1,900. The RSI is above 50 with price above the 55 period EMA, supporting a bull argument. Due to the futures premium, we will need to see continued higher prices in the index as the moving average on the RSI is still only at 42, warning this technical is still vulnerable to a pullback.

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## Panamax

Sentiment is turning positive on the Panamax futures with price rising USD 925 in the Feb contract, to close the day at USD 18,625. Likewise, downside momentum in the index is slowing with price only USD 58 lower at USD 15,221, the next support level is at USD 14,329; However, a close above USD 16,172 would signal that momentum is improving based on price. The Feb futures closed USD 500 off their high having found resistance at the 55 period EMA (USD 19,047), leaving price in an EMA resistance zone (15 to 60 period EMA's). The upside move failed to break a minor fractal resistance at USD 19,300, if we do then we target the USD 20,800 level. The technical remains neutral/bearish, the slowing index and the upside move in the futures are warning that we are potentially in a transitional phase. However, we will need to see the index move into positive territory for any upside move to continue.

## Supramax

The index is USD 174 lower today at USD 17,569 and this is keeping a lid on the futures. The February contract is higher but like the Panamax the upside move failed to hold, resulting in price closing only USD 250 higher at USD 19,250; however, further down the curve the futures were well supported with the Q2 contract rising USD 1,250 and the Q3 USD 950. On the front end the futures are at moving average resistance, which is helping keep price suppressed, downside moves below USD 18,500 will warn of further technical weakness targeting the USD 17,425 low; likewise, upside moves above USD 21,000 will be bullish. Neutral/bearish, the key levels to follow here are USD 21,000 and USD 18,500.

## Oil

Oil is headed for a sixth straight weekly gain, with prices trading near a seven-year high as crude makes a roaring start to 2022. West Texas Intermediate traded near \$87, taking its advance this week to about 2% as robust demand tightened global markets. As supply remains constrained, a chorus of Wall Street banks and oil executives are forecasting a return to \$100 oil. Additionally, heightened geopolitical risks driven by fears that Russia may invade Ukraine have also contributed to crude's climb (Bloomberg). We maintain our bullish view for more information on the technical please follow the link. FIS Technical – Brent March 22 28/02/21 <https://fisapp.com/wp-content/uploads/2022/01/FIS-Technical-Oil-Report-28-01-22.pdf>

Have a nice Evening

Edward Hutton