FIS European Close

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| | Previous Close | Current Close | % Change | | Previous Close | Current Close | % Change |
|---|---|---|---|---|---|---|---|
| Cape 1 month forward | 13025 | 18575 | 42.6% | Pmx 1 month forward | 18625 | 21875 | 17.4% |
| Cape Q222 | 24750 | 24500 | -1.0% | Pmx Q2 22 | 24650 | 24300 | -1.4% |
| Cape Cal 23 | 20750 | 20375 | -1.8% | Pmx Cal 23 | 16400 | 16175 | -1.4% |

| | Previous Close | Current Close | % Change | | Previous Close | Current Close | % Change |
|---|---|---|---|---|---|---|---|
| Smx 1 month forward | 19250 | 23250 | 20.8% | Brent | 90.54 | 91.26 | 0.8% |
| Smx Q2 22 | 23925 | 23675 | -1.0% | WTI | 87.29 | 88.05 | 0.9% |
| Smx Cal 23 | 16125 | 16125 | 0.0% | Iron ore | 145.95 | 137 | -6.1% |

**Data Source FIS and Bloomberg**

Iron Ore

Iron ore futures in Singapore plummeted on Monday as China vowed to strengthen the oversight of prices, which surged last week to the highest level since September. The steelmaking material has been on a tear since the start of the year as expectations that China will boost infrastructure spending and further ease monetary policies brightened demand prospects. But the rally -- which still puts iron ore on track to gain more than 12% in January -- is starting to unnerve Beijing (Bloomberg). The bulk of the downside move happened on Friday with the futures trading USD 7.00 lower, price did move lower in the Feb contract to USD 135.05 before closing the day at USD 137.75. Price action is subdued to the closure of the DCE for the CNY holiday.

Copper

Most base metals gained as the dollar eased following a five-day rally, while traders mulled a slowing economy in top user China, where markets are closed this week. Gold steadied. After posting its worst week since October, copper edged higher on the London Metal Exchange as the dollar weakened from the highest intraday since mid-2020, offering support to commodities priced in the currency. There are also continued signs of tight supplies, with LME stockpiles of copper, nickel and aluminum extending declines on Monday. Still, there are concerns that a slowdown in China poses risks to demand. The nation's manufacturing output slipped at the start of the year and Covid-19 outbreaks curbed consumer spending, official data released over the weekend show. Caterpillar Inc., considered an economic bellwether, signaled Friday that Chinese demand for machinery will likely decline this year (Bloomberg). A mixed day in the futures, having traded lower in the night session price recovered the initial losses in the E.U session, however price has come under pressure this afternoon despite the USD weakness, this is due to the technical remaining bearish. We now have a positive divergence on the 4-hour chart, not a buy signal it does warn we have the potential to see a momentum slowdown. Upside moves on the intraday technical above USD 9,617 will now be bullish. Technically bearish there are warning signs that we could soon exhaust.

Capesize

The roll into the march contract means the rolling front month is now USD 8,310 above the futures. The ratio (Index/Future) is now at USD 0.546, a level not seen since June 2020; this would suggest that we need to see either a strong push in the physical or a correction in the March futures. The range has been subdued due to the CNY, but price is holding after the index came in at USD 10,015, USD 1,097 higher. The roll means the daily technical is now considered as bullish due to it trading above the USD 14,750 fractal resistance.

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Panamax

The the futures have rolled into March resulting in price gapping over USD 4,000 higher today before selling off around USD 1,000. The gap up in the futures mean the rolling front month contract has made a new high on the intraday chart, taking the technical into bullish territory. The futures are trading around the previous trend support that has recently acted as a resistance. We did open above trend resistance, but price has failed to hold above it, however this will now be a target for market bulls (USD 22,310). On the daily technical the RSI he's moving above 50 (currently 51) with the stochastic in oversold territory, if the RSI can hold above 50 then momentum is vulnerable to further upside moves. The features are now testing the longer-term moving averages on the daily chart, if we can trade above and hold above the USD 23,000 level then we target the USD 26,600 fractal resistance. Technically bullish on the intraday, USD 22,310- USD 23,000 is the resistance zone that market bulls will want to break in the near-term.

Supramax

The role in the futures means the ratio is out of line warning that we could see a technical pullback if the index doesn't move higher soon. For more information on the technical please follow the link. Supramax Technical Report 31/01/22 https://fisapp.com/wp-content/uploads/2022/01/FIS-4-Page-TECHNICAL-REPORT-SUPRAMAX-31-01-22.pdf

Oil

Russian Foreign Minister Sergei Lavrov and U.S. Secretary of State Antony Blinken will speak by phone Tuesday as diplomatic efforts continue to reduce tensions over Ukraine, with the United Nations Security Council separately holding a public debate on the crisis after rejecting a bid by Moscow to block the session. The diplomatic flurry is running alongside a push by the U.S. and European Union to soon complete a package of potential Russian sanctions, while the U.K. is looking at targeting "any company or individual of direct interest to the Russian state" if Moscow were to invade Ukraine. Russia further boosted troop levels around the Ukrainian border over the weekend, according to the Pentagon. It has been moving forces also to Belarus for drills next month. Russia has repeatedly denied it plans to attack Ukraine (Bloomberg). As the game of poker continues on the border of the Ukraine border the oil futures remain supported. The intraday Elliott wave remains bullish indicating we should trade higher, whilst the geopolitical tensions mean the futures are currently not a sell.

Have a nice Evening

Edward Hutton