

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	17250	17000	-1.4%	Pmx 1 month forward	22900	24000	4.8%
Cape Q222	24250	24625	1.5%	Pmx Q2 22	24850	25350	2.0%
Cape Cal 23	20150	20350	1.0%	Pmx Cal 23	16350	16775	2.6%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	25175	26625	5.8%	Brent	92.52	92.8	0.3%
Smx Q2 22	25250	26125	3.5%	WTI	91.92	91.32	-0.7%
Smx Cal 23	16550	16800	1.5%	Iron ore	145.05	148.2	2.2%

Data Source FIS and Bloomberg

Iron Ore

Iron ore futures in Singapore rose to the highest level in five months as signs of tighter supply and stronger demand prospects overshadowed a warning from Beijing that it will crack down on speculation. Shipments from top producing country Brazil shrank to the lowest in years amid heavier-than-normal rains last month. Flows from Australia, meanwhile, also fell in the week to Jan. 21, according to ship-tracking data (Bloomberg). The March contract continues to move higher with the futures now testing our USD 150.41 resistance, upside moves above this level will target the USD 154.56 level. Technically bullish the RSI remains in divergence, warning of the potential for a momentum slowdown; however, if the RSI moves above 74.3 then the divergence will have failed, suggesting we are seeing further wave extension in the trend. Technically bullish the intraday 4-hour EMA's remain well spaced (30-60), suggesting the trend itself remains stable. Corrective moves that hold above USD 140.28 will support a bull argument, below this level the technical will have a neutral bias. Bullish, the divergence will need to be monitored as it is in balance.

Copper

The futures sold off on the Asian open with price spending the day between the daily pivot USD 9,830 and the 30-60 period EMA's (USD 9,782 – USD 9,767). The averages are flat and compressed indicating a lack of trend in the market, however the intraday technical remains bullish based on price. Corrective moves that hold at or above USD 9,610 will support a bull argument, below this level the technical will have a neutral bias. Bullish on price but consolidating.

Capes

Not a great day for the index with price USD 781 lower at USD 9,521, the downside move means that momentum is weakening based on price and will now need to close above USD 10,417 for it to be seen to be improving. From a technical perspective we remain in balance, the intraday technical is bearish based on a lower low, but as highlighted previously, the RSI is above 50 with the stochastic in oversold territory, momentum remains vulnerable to a test to the upside. Price is holding above the 55-period EMA at this point, if we close below it (USD 15,655) and the RSI goes below 50 we could see the technical come under further pressure. Bearish on the intraday but momentum is holding, meaning the technical is conflicting.

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Panamax

The index is starting to produce the sort of numbers that the March futures have been implying will happen, with price closing USD 529 higher at USD 15,358. The seasonality chart had suggested that we should see a turn to the buy side, and this has been the case, the 5-year average move between now and mid-March is around 55%, suggesting we are trading just above fair value. The issue is the numbers are skewed based on last year's bull cycle; however, this year's seasonality chart is starting from a higher base. The March contract has responded with another positive day having gapped USD 500 lower on the open, we have closed USD 1,100 higher, at USD 24,000. Technically bullish and in trend the RSI is no longer showing a negative divergence, this supports upside continuation, but we are dependent on the index as it is trading at a USD 8,642 discount to the paper. If the index produces further big moves, then the paper could stay supported, however any slowdown in the index and the futures will produce a technical pullback.

Supramax

The futures are technically bullish and in trend, supported by the index which has now turned bullish with price USD 492 high today, at USD 18,023. Expectations of strong bullish numbers in the index are supported by the seasonality chart; however, the March contract is USD 1,450 higher at USD 26,625, meaning we are trading at a USD 8,602 premium. From a technical perspective it is impossible to call the market a technical buy when it is trading at a 33% premium to the index, until we see the disparity narrow. We are bullish but need to see either a technical pullback or some considerably larger moves in the index than we have seen today, at this point we can not advocate a technical buy in the March futures.

Oil

Oil dropped to trade near \$90 a barrel, taking a breather from a rally that's propelled crude to its highest since 2014. Futures in New York fell as much as 1.7% on Monday after seven weekly gains in which oil's gained 22%. Diplomats are set to return to Vienna Tuesday to resume Iran nuclear negotiations, which are viewed as a path to restore the nation's sanctioned oil to global markets. On Friday, the U.S. signed several waivers related to Iran's civilian nuclear activities to ease diplomatic efforts. The potential for eventual Iranian barrels as well as crude being overbought from last week's rally is prompting the market to take a "pause to refresh," said Rob Haworth, senior investment strategist at U.S. Bank Wealth Management. Crude futures "had a really good run at a time when the broader economy is not performing that way" (Bloomberg). This pullback could turn into a more complex corrective phase; however, we remain technically bullish above USD 90.53 and neutral below, a downside moves below USD 88.02 is needed for the intraday technical to be bearish. We maintain our bullish technical view that downside moves should be considered as countertrend at this point, using the Williams approach, our Elliott wave analysis has a potential upside target at USD 96.05.

Have a nice evening

Ed Hutton