

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	17000	18750	10.3%	Pmx 1 month forward	24000	24675	2.8%
Cape Q22	24625	25375	3.0%	Pmx Q2 22	25350	26050	2.8%
Cape Cal 23	20350	20250	-0.5%	Pmx Cal 23	16775	17250	2.8%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	26625	27375	2.8%	Brent	92.95	91.01	-2.1%
Smx Q2 22	26125	26950	3.2%	WTI	91.63	89.73	-2.1%
Smx Cal 23	16800	17250	2.7%	Iron ore	148.2	147.3	-0.6%

Data Source FIS and Bloomberg

Iron ore

China offered its huge steel industry five extra years of rising carbon emissions, sending iron ore soaring as investors saw the move as a renewed focus on propping up the economy. Steelmaking accounts for about 15% of China's carbon emissions. On Monday, the government set 2030 as the new deadline for peak-emissions for the sector, against an earlier target of 2025. That adds to signs that Beijing is recalibrating its climate strategy considering last year's commodity price spikes, and priming the economy for a more powerful, carbon-intensive stimulus (Bloomberg). Putting the technical aside for a second it does make you wonder how China intend to control rising prices after that rhetoric. From a technical perspective the futures are in a corrective phase, downside moves that hold at or above the USD 141.15 will support a bull argument, below this level the technical will have a neutral bias. If support holds the futures will target the USD 153 high. Key level of interest is the 200 period MA on the daily chart (USD 148.46), it is currently holding, if it is broken, we could run, if it holds then look for a corrective phase.

Copper

I think we can sum up the price action in the last 5 days in one simple sentence. If you take the high and the low of this period, the mid-price is USD 9,793, the current price is USD 9,785. Technically neutral.

Capesize

The index produced a positive number today with price USD 448 higher at USD 9,969, if we close above USD 10,236 tomorrow the momentum will be seen to be improving based on price. The RSI on the index is below 50 with the stochastic overbought, warning momentum remains vulnerable to a test to the downside. It was a different story in the March futures with price rising USD 1,750 to close today at USD 18,750. The upside move today has resulted in a bullish close with tomorrow's pivot point at USD 18,291, if we open above this level then we have the potential to test the USD 20,250 high. However, if we open below this level, we could see the futures look to test the USD 16,250 support. The technically itself is bearish having broken the USD 17,250 fractal support, the close today counters this as it would suggest that momentum is improving based on price.

Panamax

The index is starting to produce the numbers that the market has been looking for with price up USD 1,046 higher at USD 16,404. The March futures have produced a bullish close with priced USD 675 higher at USD 24,675; However, price gapped up on the open and has closed near its lows, warning we have the potential to see a corrective phase soon. For more information on technical please follow the link. Panamax Technical Report 08/02/22 <https://fisapp.com/wp-content/uploads/2022/02/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-08-02-22.pdf>

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Supramax

Like the Panamax the Supramax index produced a solid day with the index USD 1,049 higher at USD 19,072. This is a good start, but we will need to see a continued run of positive numbers, otherwise the March futures will be vulnerable to a technical pullback. The futures had a positive day with price closing USD 750 higher at USD 27,375, having traded to a high of USD 27,750. Tomorrow's pivot point will be at USD 27,291 making for an interesting open, if we open below this level, we could see some profit taking in the market. Technically bullish and in trend we continue to have some concerns over the disparity gap which is currently just over USD 8,000.

Oil

U.S. oil production will grow even more than the government previously expected as a scorching price rally drives producers to boost drilling. Oil supply will average 12.6 million barrels a day in 2023, an increase from its previous estimate of 12.41 million, according to Energy Information Administration data. The current all-time high of 12.3 million barrels a day was set in 2019. For this year, volumes were also revised higher to 11.97 million barrels a day from an earlier projection of 11.8 million, the EIA said in its monthly Short-Term Energy Outlook report (Bloomberg). Oil fell about 3% on Tuesday as investors worried the resumption of indirect talks between the United States and Iran could revive an international nuclear agreement and allow more oil exports from the OPEC producer (Reuters). Not a great day for the black gold as news of more supply and potential more supply have pushed the futures lower with price trading into the European close at USD 90.73. If we stay around these levels into the US close it would suggest we should see a further of weakening price in the coming days, warning that USD 87.72 fractal support could be tested. We are technically bullish, but price action is indicating we are now in a corrective phase.

Have a nice evening

Ed Hutton