

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	19125	17875	-6.5%	Pmx 1 month forward	24000	24925	3.9%
Cape Q222	26250	25375	-3.3%	Pmx Q1222	25950	26300	1.3%
Cape Cal 23	20825	20250	-2.8%	Pmx Cal 23	16950	17150	1.2%

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Smx 1 month forward	28000	29250	4.5%	Brent	95.85	93.35	-2.6%
Smx Q2 22	27750	28250	1.8%	WTI	94.78	92.13	-2.8%
Smx Cal 23	17075	17450	2.2%	Iron ore	147.05	136.5	-7.2%

Data Source FIS and Bloomberg

Iron ore

Iron ore plummeted as Beijing ramped up a campaign to stop prices overheating even before the government rolls out demand-boosting stimulus measures this year. Prices tumbled as much as 13% in Singapore on signs that authorities in China will intensify efforts to quell a big rally since mid-November. Several iron ore companies received a warning about speculation and hoarding at a meeting with regulators in Beijing, while the official China Daily newspaper railed against what it called “guerrilla war” by speculators in China and outside. “The government’s rhetoric on cracking down on iron ore prices is expected to drive trading for the near term as the market awaits more specific measures,” Wei Ying, an analyst with China Industrial Futures Ltd., said by phone (Bloomberg). I think after today’s move lower we should just reiterate yesterday’s final comment, it is hard to put a bull argument in front of you. The futures have closed the day at USD 137.30 having traded sub USD 130 in the Asian session. The downside move is bearish impulse suggesting upside moves should find further selling pressure. Upside moves that fail at or below USD 142.91 remain vulnerable to further tests to the downside, above this level the technical will have a neutral bias.

Copper

Speculators have increased their bullish LME copper bets by 4,012 net-long positions to 52,507, weekly bourse data on futures and options show. The net-long position was the most bullish in more than three weeks. Long-only positions rose 14,021 lots to 309,998 in the week ending Feb. 11 (Bloomberg). The futures are up on the day coming into the European close (USD 14.00 higher) with price finding resistance at the USD 9,988 level highlighted in the morning base report. Technically we remain neutral/bullish with supply issues remaining a concern. On the intraday technical price and momentum are aligned to the buyside but the futures will need to trade above USD 10,123, until they do this technical will remain vulnerable.

Capesize

The index continues to show signs of weakness having failed below the USD 15,960 level a few days back. Price is USD 679 lower today at USD 14,209 with the RSI below 50 and the stochastic overbought, momentum is warning the technical is vulnerable to a test to the downside. On a better note, tensions have eased a little between Russian and NATO, it is still too early to be positive about black sea trade, but we do seem to be going in the right direction. The futures have come under pressure today with the March contract USD 1,375 lower at USD 17,750, the technical now has a neutral bias based on the depth of the pullback. Another positive regarding the recent upside move that we have seen, it has been greater in price and time than the previous upside move in November, suggesting that we could form a base around these levels and have potentially seen the worst of this bear move. Tomorrow's pivot point will be at USD 17,958, just \$200 above the closing price, if we open above this level, we could see buying support in the market. Inter and intra seasonality charts are on the APP today in the Cape, Panamax, Supramax, Cape v Panamax, and the Panamax v Supramax.

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Panamax

The index had been threatening a slow down over the last couple of days, resulting in price moving USD 162 lower today, at USD 20,265. However, the response in the futures has been purely technical with price holding at an old trend support above the USD 23,303 level. The technical remains bullish but we will need to see the intraday 4-hour RSI move above its moving average, if it does then expect further bullish price action, if it does not, then USD 23,303 support could be vulnerable. The question now is, will the rising futures get a positive response from owners, if it does and the index holds above USD 19,466, we could see upside resistance levels be tested.

Supramax

The index has produced another solid day with price USD 539 higher at USD 25,047. This has produced a positive response in the futures, as previously noted our Elliot wave analysis had indicated that downside moves should be considered as counter-trend, and this has proven to be the case. We would like to have seen the pullback be a little bit deeper to give the moving average on the RSI further scope to drop; however, this has not been the case meaning upside moves about the USD 29,500 level will create a negative divergence with the RSI. Not a sell signal, the divergence is a warning that we have the potential to see a momentum slow down, the new high will also mean that we have achieved the minimum requirement for Elliott wave phase completion. On a positive note, if we use the Williams approach, we have a potential upside target as high as USD 34,718 for this phase of the technical.

Oil

President Vladimir Putin said he hopes for a diplomatic solution to tensions with the U.S. and its allies and announced a partial pullback of thousands of troops massed near the Ukrainian border. But he warned that Moscow won't wait forever for the West to address its demand that Ukraine never join NATO (Bloomberg). We noted yesterday that there was light at the end of the tunnel which could see market Long's taking profit, this seems to have been the case with the futures over USD 3.20 lower today. The intraday technical is now bearish, upside moves that fail at or below USD 95.17 (current price is USD 93.3) will remain vulnerable to further tests to the downside, above this level the intraday technical will have a neutral bias. If tensions continue to ease, we could see further profit taking in the market; However, any escalation between Russia and NATO will almost certainly push the futures to new highs

Have a nice evening

Ed Hutton