

	Previous Close	Current Close	% Change
Cape 1 month forward	11550	10125	-12.3%
Cape Q2 24	17125	16675	-2.6%
Cape Cal 25	17000	16650	-2.1%

	Previous Close	Current Close	% Change
Pmx 1 month forward	11450	11600	1.3%
Pmx Q2 24	14100	14325	1.6%
Pmx Cal 25	12075	12100	0.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	11675	11875	1.7%
Smx Q2 24	13625	13800	1.3%
Smx Cal 25	12025	12000	-0.2%

	Previous Close	Current Close	% Change
Brent	78.32	78.04	-0.4%
WTI	#N/A	N/A	#VALUE!
Iron ore	129.6	127.5	-1.6%

Iron Ore

Source FIS/Bloomberg

Iron ore extended losses after posting the biggest weekly drop since April as investors weighed the outlook for China's ailing economy. Futures in Singapore reversed earlier gains, slipping toward \$127 a ton after tumbling more than 6% last week. China's central bank held a key interest rate amid concerns about yuan volatility, as Beijing grapples with weak local demand and a property crisis. Demand for steel typically wanes during winter. Ample steel and iron ore supplies are adding to bearish headwinds. Inventory levels at major Chinese steel mills increased more than 16% to 14.4 million tons in early January, compared with late December, according to data from China Iron and Steel Association. Volumes are still 3.3% lower than a year ago (Bloomberg). Technically bearish this morning, we noted that the MA on the RSI was starting to flatten whilst we had another positive divergence come into play, warning that we had the potential to see a momentum slowdown. The futures have found light bid support in the Asian evening session (70 cents higher) with price still below all key moving averages. We remain cautious on downside moves due to the slowing momentum, but maintain our view that upside moves look like they could be countertrend. This is based on the initial move lower consisting of five waves, suggesting we are still on a bearish Elliott wave A at this point.

Copper

Bearish in the morning report with the futures back in divergence, warning we could see a momentum slowdown. We noted that we had seen an Elliott wave extension to the downside, meaning upside moves should be considered as countertrend, making USD 8,403 the key resistance for this phase of the cycle. If broken it will warn that the probability of the futures trading to a new low within this phase of the cycle will decrease, implying we could be in the early stages of a countertrend wave B. We have seen a move higher with price now testing the USD 8,376 resistance, the MA on the RSI remains flat at this point, implying momentum is still neutral. We maintain our view that upside moves should be considered as countertrend.

Capesize

The Index is another USD 2,426 lower today at USD 15,589. The Feb futures have traded below the USD 10,900 support to close the day at USD 10,125, meaning the intraday divergence has failed; however, we remain in divergence on the daily chart. For more information on the technical, please click on the link. Capesize Technical Report 15/01/24 <https://fisapp.com/wp-content/uploads/2024/01/FIS-CAPESIZE-4-PAGE-TECHNICAL-REPORT-15-01-24.pdf>

Panamax

The index turned today with price coming in USD 16 higher at USD 11,600. The futures have been moving higher for the last few days in what looks to be a countertrend move, the turn in the index has seen little reaction from the paper with price closing the day USD 150 higher at USD 11,600. Momentum continues to conflict (as noted in the morning report), as the RSI is indicating support, but the RSI is below 50 with the stochastic in overbought territory. The upside move continues to look like it could be countertrend; however, if we do trade above USD 13,342 then the probability of futures trading to a new low will start to decrease. Paper and the index are at an equilibrium, meaning we will need to see who takes the lead, if it is the index, then resistance could come under pressure.

Supramax

The index continues to weaken with price USD 112 lower at USD 11,855 today. Like the Panamax the Feb contract continues to move higher with price closing the day USD 200 high at USD 11,875, the futures have remained in a USD 500 range, meaning price action has been limited. The Paper and the index are now at an equilibrium, if the index turns then resistance levels could come under pressure. Our Elliott wave analysis suggests this upside move is potentially countertrend; however, if we do trade above USD 13,188 then the probability of the futures trading to a new high will start to decrease. The MA on the RSI does suggest momentum is supported with the RSI nearing 50 (48.77), if the RSI moves above and holds above 50, then the overbought stochastic will be considered as less relevant.

Oil

A mixed day in the futures, we came under pressure due to the rejection candle in the resistance band on Friday. However, the downside move is currently failing to hold with price trading near flat to the previous days close having traded to a low of USD 76.85 (currently 78.17). Aggregate open interest based on Fridays close would suggest that market longs are currently holding their positions; however, we have a cautious view due to the daily resistance band. In reality, the daily chart has bullish and bearish rejection candles opposing each other, implying there is a neutral bias, meaning USD 80.75 – USD 76.85 are the levels to watch, as this is your two-day range, if you blended the candles, you would have one big Doji, signaling indecision in the market.

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