

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	15050	13575	-9.8%	Pmx 1 month forward	14700	14125	-3.9%
Cape Q2 24	19875	19750	-0.6%	Pmx Q2 24	16300	15825	-2.9%
Cape Cal 25	17875	17725	-0.8%	Pmx Cal 25	12800	12625	-1.4%

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Smx 1 month forward	13800	13125	-4.9%	Brent	80.23	81.71	1.8%
Smx Q2 24	15600	15125	-3.0%	WTI	75.36	76.71	1.8%
Smx Cal 25	12650	12500	-1.2%	Iron ore	135.15	135.45	0.2%

Iron Ore

Source FIS/Bloomberg

The futures remained in bearish territory this morning with price holding below the USD 137.06 resistance. We noted that outside of the Fibonacci resistance that we were at a natural area of resistance based on the price movement from late Dec to early Jan. The Feb futures have seen another move lower in the Asian evening session with price closing another dollar lower at USD 134.45. We remain above the EMA support band and the Fibonacci support zone; however, the RSI is now starting to cross its MA, warning price and momentum are becoming aligned to the sell side.

Copper

The technical is bearish with a neutral bias due to the move higher yesterday, the probability of the futures trading to a new low has started to decrease. The MA on the RSI does suggest that momentum is supported at this point; however, we have a conflation here as price traded to a new high, creating a negative divergence with the RSI. This is not a sell signal, but it is a warning that we could see a momentum slowdown which will need to be monitored. Due to the divergence, we are cautious on upside moves at this point, as the futures are starting to look vulnerable to an intraday pullback.

Capesize

The index is down again today but there has been a bit of a slowdown with price only USD 489 lower at USD 17,298. The Feb futures have not had a good day with price reversing yesterday gains. Going into the close last night we had a bullish close with price approaching the USD 15,175 level. We noted that if we could close above this level on the weekly candle, we could be looking at a bullish setup on the weekly chart. Twenty-four hours is a long time in freight, we opened with bid support but came under pressure with financial entities in the market selling aggressively. The weekly high has been successfully defended for the day with the futures closing on the 55-period EMA (USD 13,565). Market bears have won the day, tomorrow will test the appetite of market buyers to see if that are going to defend the 55-period average. If the average is broken on the open then bears will target the weekly pivot at USD 13,083, if we close below this level, then it will warn that we could see weaker pricing next week. USD 13,565 will be the level to follow on the open.

Panamax

Another bullish index today with price USD 241 higher at USD 13,873. Sentiment in the futures has softened a little with the Feb futures closing the day USD 575 lower at USD 14,125. The paper and the index are nearing equilibrium, suggesting there is uncertainty in the market. As a rule, the tail wags the dog, if the futures continue to slide, it will drag on the index lower; However, price is still in the Fibonacci support zone at this point, with the key level to follow at USD 13,555. If we hold above this level, then we could still have another push higher. The negative is that we are moving lower on the 1-hour RSI divergence with tomorrows pivot point look like it will be at USD 14,300, if we open below this level, it will warn that we could come under further pressure. The technical is conflicting going into the close with the MA on the RSI flat, implying momentum is neutral, a view that I will also take.

Supramax

The index is USD 131 higher today at USD 11,677, confirming momentum based on price is aligned to the buy side. Like the rest of the freight complex the futures have sold lower with price and momentum aligned to the sell side going into the close. The futures are currently above the 200-period EMA at USD 12,894, if we close below and hold below this level, then it will warn that the daily 200-period daily average at USD 12,294 could come under pressure. The probability of the futures trading to a new low has started to decrease; however, the downside move today means that tomorrow's pivot point is looking like it will be at USD 13,325. If we open below this level, it will warn that we could come under pressure on the open. Likewise, if we open above this level, and the RSI moves back above its average, then resistance could come under pressure. A weak close is warning we could see a shaky open.

Oil

We have seen another move higher in the futures today with price testing the USD 81.72 high from December. The 4-hour divergence looks like it could be in the process of failing; however, the 1-hour remains in play. We are approaching a resistance level in the form of the 200-period daily MA at USD 81.71, this is a benchmark average, if we close above and hold above this level, it will further support a buyer's argument; likewise, a rejection of the average will warn that we could see a move lower. We are moving higher; the market is supported. As noted in the morning report, focus should be on the AOI in the morning, if that has dropped again, it would suggest caution. Markets moving higher on dropping open interest are not bullish.

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