FERTS AGRI OIL WET FFAS DRY FFAS IRON ORE METALS AIR FREIGHT COA

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month for-							
ward	8725	8875	1.7%	Pmx 1 month forward	7900	7575	-4.1%
Cape Q1 21	7900	8050	1.9%	Pmx Q1 21	7987.5	7887.5	-1.3%
Cape Cal 21	13100	13125	0.2%	Pmx Cal 21	9750	9725	-0.3%

	Previous Close	Curent Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	8475	8225	-2.9%	Brent	47.59	47.46	-0.3%
Smx Q1 21	8150	8025	-1.5%	WTI	45.06	44.67	-0.9%
Smx Cal 21	9050	9025	-0.3%	Iron ore	125.9	127.5	1.3%

Iron ore futures moved higher on Tuesday after China manufacturing PMI rose to 54.9 (Bloomberg). Continued expansion in the manufacturing sector implied a sustained demand for the steel making ingredient. Steel margins remain around the CNY 300 level with the Rebar futures looking like it could have another test to the upside if the Elliott wave cycle is correct. Historically we should see a slow down in steel production as we approach the winter season; however, at this point any seasonal flattening of the iron ore price has been put on hold. Port stocks have started to draw down suggesting there is more to the upside before the much-anticipated correction begins. Jan futures climbed 1.3% yesterday to close at USD 127.5 before moving up to USD 127.97 in the Asian night session.

December Capesize futures remain in a holding pattern at this point. Having failed to the upside , any downside move below USD 12,100 is not a technical sell. With the futures now pricing in December they remain very close to the index values. Jan futures continue to trade at a big discount to Dec ,giving as an insight in what to expect in the coming weeks. The seasonality would suggest that the index should come under pressure and the forward curve is giving us no reason to think it will not at this point. The Jan futures look over extended due to the roll yesterday and this has resulted in a close 1.7% higher to USD 8,875. However, the Q1 futures although up 1.9% today to USD 8,050 looked to be technically vulnerable yesterday, suggesting we could see the fronts coming under pressure again soon.

The December Panamax have as expected started moving to the downside. The technical had warned that we were due to correct and the futures have moved lower. The one issue for the December futures is that it is already at a USD 1,000 discount to the index, meaning downside moves are limited until the index starts moving lower. Down USD 150 today is a start, if the index can produce more than 4 down days in succession then it could be in trouble, as this is often a sign of a larger correction. The seasonality chart on 3 and 5 year averages would suggest the turn lower in the index should be around the 11th December; however, the index has turned before the average values all year ,suggesting this could be the start of the sell off.

With the Panamax coming under pressure it was only natural to see the Supramax following suit. The index produced a bearish close today, it was only small but it was off a resistance level whilst the RSI is in divergence and the stochastic overbought. The index is definitely not a buy and based on the historical momentum indicators over the last two months, there is an argument that it could be an early sell. To see more information on the technical please follow the link. Supramax Technical https://fisapp.com/wp-content/uploads/2020/12/FIS-4-PAGE-SUPRAMAX-REPORT-01-12-20.pdf

Oil futures continue to reject downside moves, suggesting the upside trend is not ready to exhaust just yet. OPEC continues to debate output delays, and this has resulted in downside selling. However ,no agreement to postpone production does not mean it will not happen, hence intraday downside move are tentative until a decision is final. Oil looks like a technical buy, but during an OPEC meeting this market is probably everything but technical.

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