

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	8875	8625	-2.8%
Cape Q1 21	8050	7825	-2.8%
Cape Cal 21	13125	13000	-1.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	7575	7600	0.3%
Pmx Q1 21	7887.5	7800	-1.1%
Pmx Cal 21	9725	9625	-1.0%

	Previous Close	Current Close	% Change
Smx 1 month forward	8225	8425	2.4%
Smx Q1 21	8012.5	8100	1.1%
Smx Cal 21	9012.5	9050	0.4%

	Previous Close	Current Close	% Change
Brent	47.25	48.28	2.2%
WTI	44.4	45.48	2.4%
Iron ore	127.5	131.26	2.9%

Data Source FIS and Bloomberg

Yesterday it was PMI figures; today, Vale the worlds second largest iron ore producer reduced its output guidance for this year and delivered a 2021 projection that is below market expectations (Bloomberg). January iron ore responded with a 2.9% gain from the previous days close. Rebar futures remain subdued in a corrective phase and have shown no sign of upside price action yet. Worryingly aggregate open interest is dropping fast suggesting existing market longs are exiting the market. If rebar futures rally and the aggregate open interest does not go with it, then expect a bear cycle in rebar to start soon. In the DCE futures iron ore longs are increasing with price, suggesting that market bulls continue to open fresh positions supporting a bullish trending environment. Rebar might be throwing a wobble but conviction still stands in the iron ore market.

In the Capesize market it is all about the December futures, as this was the big mover of the day. The futures closed the session USD 1,300 lower, partly on the Vale news, as the index itself came in only USD 10 lower. However, paper will lead this market, meaning the index will come under pressure tomorrow. A bearish day that closed on a market low would suggest we have the potential to gap down on the open. This looks to be the December seasonality move down, meaning the rest of the curve was only around 2% lower.

Mixed moves in the Panamax today with the December futures making a new low at USD 10,250. Last week some serious volume traded between USD 10,700—USD 10,900 meaning there are some big longs positions in the market, that are now off-side. The index has started to correct, if we see longs liquidating this could turn a little bit messy on the downside move. The index over the coming days will be interesting, if it is aggressive then average values will fall fast, but if it is sedate an steady then the futures should remain stable.

Supramax futures were more stable than their bigger sitters today with the December futures producing a USD 50 gain, whilst the rest of the curve was positively bid in comparison. Jan was up over 2% with and the Cal 21 up 0.4%. Bullish the December is not , showing signs that it could base is possible. Price looks stronger than momentum at this point and If it stays like this then the upside move will fail. The futures are USD 700 below the index , which is starting to turn lower. Volatility in the Supramax is not as high as the Capesize or Panamax, so it is unlikely the December will move much lower without a significant shift in the index values.

Yesterday we highlighted that oil looked like a technical buy , but the market was anything but technical due to the OPEC meeting. Bloomberg has a headline that reads oil rises with U.S supply dropping an OPEC inching towards a deal'. Well if you are technically bullish anyway it is not surprise the market has moved higher on the back of that news. Price is no above the USD 48.32 level suggesting this is the Elliott wave 5 that we talked about a week ago..