

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	9100	9675	6.3%	Pmx 1 month forward	9150	9175	0.3%
Cape Q1 21	8200	8525	4.0%	Pmx Q1 21	8975	9000	0.3%
Cape Cal 21	13244	13450	1.6%	Pmx Cal 21	10319	10337.5	0.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9200	9200	0.0%	Brent	48.85	48.78	-0.1%
Smx Q1 21	8750	8850	1.1%	WTI	45.6	45.44	-0.4%
Smx Cal 21	9587.5	9625	0.4%	Iron ore	144.54	146.29	1.2%

Data Source FIS and Bloomberg

Two days ago we suggested the Dalian exchange could raise exchange fees to try and stop the speculative rally in iron ore. The exchange issued a statement today. December 9, 2020 Dalian Commodity Exchange. To all members and related parties: According to the Measures for Risk Management of Dalian Commodity Exchange, Dalian Commodity Exchange (DCE) has decided upon discussion that from the trading on December 14, 2020 (the night trading session on December 11, 2020), the combined trading volume of opening long and short positions on Iron Ore Futures Contract I2105 of any Non-Futures Company Member or client is not allowed to exceed 5,000 lots on any single day. The hedging trading volume and market-making trading volume of opening positions shall be exempted. Accounts involving actual control relationship shall be managed as one single account.

Unfortunately this has done little to stop the iron ore rally. Price is being driven by consumption with the offshore futures moving USD 2.00 higher during the European day session. The technical has stated market pullbacks are against the trend, supported by the fundamental. Steel margins continue to remain firm, suggesting there will be no slowdown in production just yet. The intraday technical is in divergence as highlighted on the morning report. However, Fibonacci projection levels would suggest that unless something changes, the Jan 21 offshore futures will be trading with a USD 150 handle in the coming days with a potential upside target at USD 157.

A good day for the cape markets . The index came in down USD 300 (just over) indicating a momentum slowdown. Buy signals were triggered on the 4-hour candle close at 12.00 in the futures. For more information on the technical please follow the link. Capesize Technical Report <https://fisapp.com/wp-content/uploads/2020/12/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-09-12-20.pdf> .

Panamax futures have enjoyed a good run since last week, with the Jan futures moving over USD 2,000 higher, to trade at USD 9,550 this morning. The strong move higher has resulted in market sellers entering to lock in some profits, resulting in the futures giving up their early gains, to finish flat on the day. This means the market has produced a rejection candle that could make for an interesting open. Tomorrows pivot point looks like it will be at USD 92,91, with the current price at USD 9,175, suggesting we could have a weak open to contend with. With the physical picking up it looks like any moves lower are likely to find support in the near-term, however the paper often leads. USD 9,819 is the buyers target, as above this level it would take the technical out of a bear phase.

The Supramax continues to trade in good volume, but like the Panamax, it looks like we are seeing some profit taking with the futures failing to hold early gains in the Jan 21 contract. Price closed flat on the day with another rejection candle (the candle in both the Panamax and Supramax is actually called a Gravestone Doji) as the bears have held the bulls at bay. USD 9,266 is the level to watch for on the open. If the futures are below this then we could see further selling pressure

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The EIA report showed that crude stockpile rose by 15 million barrels last week, the largest gain since April. Increases in gasoline and distillate inventories added to the bearish sentiment, as gauges of demand for both fuels declined giving a bleak outlook for near-term consumption (Bloomberg). Brent futures are flat on the day, we have this technical on a bullish wave 5 which has the potential to trade above USD 50. However it has completed its minimum requirement of a new high above USD 49.09 so we may have already seen the top. If the futures trade below USD 47.87 then the probability of further upside moves decrease.

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