

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	10625	11200	5.4%
Cape Q1 21	9225	9575	3.8%
Cape Cal 21	13675	13875	1.5%

	Previous Close	Current Close	% Change
Pmx 1 month forward	9350	9425	0.8%
Pmx Q1 21	8950	9000	0.6%
Pmx Cal 21	10275	10250	-0.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	9375	9800	4.5%
Smx Q1 21	8900	9050	1.7%
Smx Cal 21	9587.5	9625	0.4%

	Previous Close	Current Close	% Change
Brent	50.43	50.1	-0.7%
WTI	46.97	46.73	-0.5%
Iron ore	155	157.23	1.4%

Data Source FIS and Bloomberg

Brazil continues to be a major factor in the current Iron ore Rally. More than just a shortage of tonnage it is the high grade fines from the country that is spurring the end of year charge (Bloomberg). The DCE futures broke the CNY 1,000 level in Asian hours, with the Jan offshore trading up to USD 160.00. Rebar futures spiked causing the move higher in iron ore, whilst margins pushed up to CNY 546.5, suggesting that prices will remain elevated for some time. This move was not predicted, there had been plenty of talk of a bull market and prices holding supported levels, but a 92% rallying on the rolling DCE contract since the 01-04-20 is not something the market was prepared for. The April low was 542, meaning the 100% level is CNY 1,084 and, this will be a level for Gann traders and Fibonacci traders to follow. For Elliott wave traders, I still only see 3 waves on the rolling contract. Contact me if you can show me 5, as I had 5 waves at CNY 915, but at 916 5 became 1 and we moves up a cycle.

Supported is the best way to describe the Capesize market at the moment, with the index up USD 938 to USD 11,889 today. The Jan futures which we highlighted as turning bullish in both the morning technical and evening E.U. close report on the 09-12-20, continues to move higher, with the futures USD 1,800 above where we initially highlighted it and USD 1,500 above the level where it was officially confirmed as showing bullish price and momentum. The futures have formed an intraday trend, the question is will it trade above the USD 12,128 level in the Jan futures? If it does then it will make for an interesting Q1.

The best descriptive word I can think off when looking at the Jan 21 Panamax futures today would be quiet. The question I have; are we quiet because this is the end of a busy week, or is it a case of the Jan futures has run out of market buyers? The index was up USD 336 to USD 11,847 but the paper does not want to follow. The ratio between the index and the 1 month forward has hit the 1.5 level for the first time in 4 years. Interesting fact of the day, the ratio low in 2016 was the 04-02-16 compared to 05-02-20, with the ratio highs being 7 days apart from each other, the futures are stalling, that does not make them a sell, but it should make market longs cautious for now.

The Supramax is a bit like an Essex club goer. It is absolutely avin it. Two day of rejection candles have failed to slow the Jan futures down. Price is up USD 425 (4.5%) to USD 9,800, with the Index up USD 89 to USD 11,377. We know that historically the Jan is not a great month in freight with the Supramax often settling Jan with a 7 handle. The upside move has been strong. Market shorts stopping out ,or longs taking the market on? Either way it means the futures have closed the week on a high, suggesting the USD 10,047 resistance might get tested after all.

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Oil bulls were on the rampage yesterday as they pushed the futures up to new highs. More subdued today with not a single Coronavirus headline in sight; what we did have was a U.S. stimulus package stall once again (Bloomberg), If we wait much longer the economic contraction will be over. Maybe it is being saved for 2021, as this year has been an annus horribilis. Either way, we have oil taking a breather and believe it will be back on track soon enough

It is a wrap

Have a nice weekend