FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	11825	11725	-0.8%	Pmx 1 month forward	9100	8850	-2.7%
Cape Q1 21	10075	9925	-1.5%	Pmx Q1 21	8750	8775	0.3%
Cape Cal 21	14037.5	13925	-0.8%	Pmx Cal 21	10075	10075	0.0%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9625	9700	0.8%	Brent	50.69	50.89	0.4%
Smx Q1 21	8775	8787.5	0.1%	WTI	47.59	47.63	0.1%
Smx Cal 21	9412.5	9450	0.4%	lron ore	153.14 Data So	154.64 Durce FIS and B	1.0%

The offshore futures have seen Jan iron ore futures trade up to a high of USD 155.99 from yesterday. The Chinese steel industry want government intervention, as they fear that speculation is driving prices. If this is a bubble then it has a compelling fundamental behind it. China is a net importer of steel on the back of infrastructure investment ,with Steel margins at CNY 479, so I am not sure what they intend to do to cool the market. stop building? If they don't, then prices are not going to move into a bear cycle anytime soon. USD 160.93 is the current high and a beacon for the market bull. Our vies is that it will trade above the level soon enough.

The Capesize index continues to climb but the futures are looking vulnerable, if fact they look to be in the early stages of a corrective phase, though the move is potentially a countertrend move. For more information on price movement please follow the link. Capesize Technical Report <u>https://fisapp.com/wp-content/uploads/2020/12/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-16-12-20.pdf</u>

The Panamax futures entered a corrective phase yesterday resulting in the Jan futures moving another 2.7% lower today. With the sell off yesterday it was no surprise to see the index down over USD 200 today. The futures have had a relatively quiet day with the bulk of the trading in the Jan contract between USD 8,900—USD 9,000

Like the Panamax the Supramax had a relatively quiet day/ low volume day. Unlike the rest of the freight complex the futures have not entered a corrective phase at this point. Having spent the bulk of the day with a conflicting technical, price has gone into the close on a bullish footing (just). Market buyers will want to see the Jan futures open above the USD 9,633 level, otherwise we could have a test to the downside, to see if the market can be pushed into a correction. A positive index continues to give the market support at this point, however if the paper shifts lower, it is likely to put the brakes on the index.

The morning oil report suggested we could have one more test to the upside and this has proven to be correct. The Bloomberg headline is 'Energy stocks cling to the vaccine trade'. Cling is a good word, it perfectly describes the Brent futures. At some point very soon, if there is no new story, the Brent futures will no longer be able to cling on. Brent is trading at USD 51.14, 5 cents of its high, from where I am sitting, I am not convinced it will/should trade above the USD 51.19 level. Be back to wipe the egg of my face tomorrow.

Have a nice night

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