

FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	12625	12900	2.2%	Pmx 1 month forward	9225	8950	-3.0%
Cape Q1 21	10300	10400	1.0%	Pmx Q1 21	8950	8800	-1.7%
Cape Cal 21	13975	14025	0.4%	Pmx Cal 21	10162.5	10125	-0.4%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9925	9975	0.5%	Brent	51.5	52.12	1.2%
Smx Q1 21	8975	8975	0.0%	WTI	48.4	49.06	1.4%
Smx Cal 21	9562.5	9650	0.9%	Iron ore	156.5	161	2.9%

Data Source FIS and Bloomberg

Another USD 10.00 plus upside move in the iron ore this week as we continue to maintain a bull trend. Two days ago when the Jan futures were trading at USD 154, we highlighted USD 160.93 as a beacon for the bull market with our view being that price would trade above it. The futures have now traded to a high of USD 163.40, meaning it has moved around USD 9.00 higher. Margins have made a high of CNY 552, with the iron ore technical giving a potential upside target of USD 175.56, which in the current market conditions look possible. One note of concern is the drop in aggregate volume on the current upside move, it could be due to the approaching Christian holiday, or a sign that we are nearing the top. Hard one to call that, let's see what the market tells us in a few days.

Cape are continuing to hold in bullish territory with the Jan futures trading up to a high of USD 13,350, before dropping back to close sub 13,000. Wave analysis would suggest we could still see price as high as USD 14,104 in the near-term, this will remain our near-term upside target until we see a bearish signal. Some heavy volume going on in the Calendar months and the Cal 22 Quarters would suggest there is a potential accumulation and distribution phase in play. However, some of this will also be asset stripping the Cal, on the front to backs Quarters as an easier way to be long Q3+4. Bullish but we have just pulled back from the base of the resistance zone.

Any hopes of a resurgent bull market were killed off today. We had already noted that the Panamax cycle appeared to be ahead of the rest of the sector, and this is proving to be correct. Jan futures have posted a 3% loss and closed sub USD 9,000 as the index continues to drop USD 200 plus a day at the moment. Based on the fact we feel the phase is corrective and the upside move has failed to hold, there is a good chance that the Jan futures could trade at USD 8,275 based on the corrective relationship between Wave A and Wave C.

Like the Capes, the Smax is on a bullish wave 5 with a potential upside target of USD 10,627. As with last Friday, the morning upside move tailed off in the afternoon. However, the index was up just USD 7.00 today and is seeing a momentum slowdown, so this might be more than apathy and could be momentum weakness, the trend is still bullish but there are reasons to keep risk tight. The upside move between the 11th—14th Dec, projected from the low on the 16th Dec gives an A,B,C,D pattern target of USD 10,075. Plus there is key Fibonacci resistance at USD 10,047 warning that market buyers could exhaust around these levels.

Egg OFF face. USD 51.90 was the target not the high yesterday and that has proven to be correct, price has traded above this level today meaning we have seen the market make a new high. The tape is rehashing old stories with the technical looking exhausted, if we do not have some bull oil news soon then we will correct. It really is down to U.S stimulus at this point.

It is a Wrap

Have a nice weekend

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