FIS European Close

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	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Cape 1 month forward	12850	13375	4.1%	Pmx 1 month forward	8850	9150	3.4%
Cape Q1 21	10391.67	10825	4.2%	Pmx Q1 21	8800	9025	2.6%
Cape Cal 21	13925	14412.5	3.5%	Pmx Cal 21	10050	10175	1.2%

	Previous Close	Current Close	% Change		Previous Close	Current Close	% Change
Smx 1 month forward	9800	9775	-0.3%	Brent	50.8	50.52	-0.6%
Smx Q1 21	8900	8925	0.3%	WTI	47.74	47.52	-0.5%
Smx Cal 21	9650	9675	0.3%	lron ore	174.73 Data So	163.88 Durce FIS and B	-6.2% Bloomberg

The psychological footprint of the market would suggest that the downside move should be considered as countertrend, this is supported by a surge in global steel output in November. However the DCE is proposing to change position limits of non-futures company members to either 15,000 or 20,000 lots from the current 40,000 lots. This follows on from the tightening of single day open positions earlier in the month (Bloomberg). The futures sold off on the back of it with price ending the day down 6.2%, to pretty much where it opened on Monday. Point of note, the drop in iron ore has pushed Bloomberg steel margins up to CNY 860, suggesting this market should find buying support.

The futures remain firm on the back of a higher index in the Capesize sector with the Jan contract up over 4 percent. At the moment the market volume is coming from a select few trades in the deferred, however price does remain bullish and stable. The futures are making a new high with a near-term target at USD 14,345 for the Jan futures.

The Panamax index continues to weaken but as highlighted yesterday the Jan futures were over USD 2,000 below the index, meaning downside moves could be limited. The index is down another USD 200 plus today but this has resulted in some short covering as we approach the holiday season, with the Jan futures closing the day at USD 9,150 +3.4%. The futures have held at the 50% retracement area having produced a three wave pattern lower, suggesting we could test the USD 9,450—USD 9,650 resistance in the near-term, with the potential to test the USD 9,925 level. If we trade to a new high then we could be in a new bull cycle.

Like the rest of the Freight complex the Jan Supramax futures has moved higher. However, at this point it looks like the Jan futures are trying to close the disparity gap with the index which stands at around USD ,1650. The pullback in the futures is holding above support levels meaning that the current bull wave cycle remains in place with a near-term upside target at USD 10,287.

Little to talk about in the oil futures in term of price, with the futures remaining flat for most of the day. Price remains in a corrective phase within bullish territory having produced 4 bullish wave that have been around USD 6.00 each. Our Elliott wave oscillator would indicate we have seen a 5 wave pattern with an extended third wave that is now looking like it has completed, or is very near completion. The pullback is deeper in price within a short period indicating weakness with Bloomberg headline linking weakness to COIVID-19 once again. However, this pullback is not yet bearish, meaning we still have the potential for further tests to the upside. One question that hangs over the wave count is the 4 bullish waves, if it is an extended wave, should it not be 9?

Have a nice Evening

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