FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	11625	11525	-0.9%
Cape Q1 21	12542	12650	0.9%
Cape Cal 21	15125	15212.5	0.6%

	Previous Close	Current Close	% Change
Pmx 1 month forward	9675	9825	1.6%
Pmx Q4 20	10425	10775	3.4%
Pmx Cal 21	10925	11162.5	2.2%

	Previous Close	Current Close	% Change
Smx 1 month forward	9000	9350	3.9%
Smx Q4 20	9850	10012.5	1.6%
Smx Cal 21	10037.5	10125	0.9%

	Previous Close	Current Close	% Change
Brent	50.67	52.84	4.3%
WTI	47.35	49.57	4.7%
Iron ore	161.4	163.76	1.5%

Data Source FIS and Bloomberg

The DCE futures are in a corrective phase, positive vibes for the economy suggest the that we should continue to see robust pricing on the steel and iron ore. However, it is worth noting that whilst the West was eating turkey (or nut roasts) the steel margins have halved in value to CNY 400. Onshore coking coal and Steel futures have remained steady but the rising forward curve on Turkish scrap values has resulted in a reduction in margins, resulting in an adjustment in iron ore values. DCE iron ore volumes have reduced significantly, partly driven by trading restriction and higher margins. The manipulation seems to be working as current upside moves look to be on low volume, which is not considered a bullish signal. If you look at the longer-term technical the wave cycle is bullish, but with forces outside of the traders control the technical becomes suspect. Low volumes, keep an eye on the Shanghai stock exchange, the retail market might had back that way.

It is January and the Capesize index is going up, in fact it has rallied everyday since the 10-12-20, which is pretty rare for December. In the last 7 years only twice has the December futures closed up. A 72% statistic is worth following and must have hurt a lot of market shorts. The year has started off on a positive footing with the futures up 14 % in two days. For more information on expected price action see yesterday technical **Capesize Technical Report** https://fisapp.com/wp-content/uploads/2021/01/FIS-4-PAGE-TECHNICAL-REPORT-CAPESIZE-04-01-21.pdf

Like the capes the Panamax futures continue to see healthy gains with the Feb futures up 14% in the last two days. A buoyant physical market is driven by China's dependence on agricultural imports. For a country that is due to be the worlds largest economy by 2028, its exposure to grain and soy is a major concern that has Beijing calling for improved yields and increased acreage (Bloomberg). For more information on price movement please see todays technical report. Panamax Technical Report https://fisapp.com/wp-content/uploads/2021/01/FIS-4-PAGE-TECHNICAL-REPORT-PANAMAX-05-01-21.pdf

The rolling front month futures were deeply discounted by the futures roll from Jan to Feb. Prices lagged the capes and Panamax yesterday, however the Feb contract has been the best performer of the day with another 4% move. This still lags the big sisters but an 8% upside move in January is not to be ignored. The index is weakening but trades at a USD 2,000 premium to the Feb contract ,it is a brave sell when you are already discounted by 17%. Any form of positive index from here is likely to create further short covering in the market.

Having spent the bulk of December in a holding pattern ,the oil market has kicked into life today, driven by the recent OPEC meet. Russia has been pushing for a production boost in recent weeks, however due to the COVID—19 vaccine and the expectation of greater demand further down the line, the market held its nerve. Holding patterns can change market footprints and the OPEC announcement today to curb supply, with Saudi Arabia carrying the burden of the cuts (Bloomberg), the futures have rallied over 4%. More importantly, for market longs that have held their nerve, this could be the change in technical footprint to a higher wave cycle. It will be more apparent in the coming days. The message from Saudi Arabi is clear, they will support this market, even if other swill not.

Have a nice Evening