

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	17625	14750	-16.3%
Cape Q2 21	14350	12850	-10.5%
Cape Cal 22	14850	14400	-3.0%

	Previous Close	Current Close	% Change
Pmx 1 month forward	12050	11025	-8.5%
Pmx Q2 21	12025	11275	-6.2%
Pmx Cal 22	10825	10525	-2.8%

	Previous Close	Current Close	% Change
Smx 1 month forward	10925	10550	-3.4%
Smx Q2 21	10800	10600	-1.9%
Smx Cal 22	10300	10225	-0.7%

	Previous Close	Current Close	% Change
Brent	55.62	56.53	1.6%
WTI	52.18	53.03	1.6%
Iron ore	166.91	167.15	0.1%

Data Source FIS and Bloomberg

Goldman's is bullish iron ore and sees a clear deficit in the first half of 2021, as it remains bullish about most commodities (Bloomberg) that bit we know for the long-term Elliott wave cycle, the market is broadly bullish. Our issue is the same as yesterday and last week, is this a textbook correction in everything but time, or will we see more downside? Honestly, at this point we just feel the time factor is just too short, this correction is too short, if the DCE trades below the CNY 959 level then it would be a clearer 3-wave corrective pattern and we would be happier. Elsewhere in iron or Bloomberg steel margins have just shifted lower to CNY 254. Now if iron ore corrected those margins would be supported

Yesterday I was looking for an article from FIS that was titled something along the lines of, Capesize—A leopard never changes its spots. The article had been FIS's response to the gradual up trend, low volatility Capesize market that had been created by the IMO 2020 and scrubbers market back in 2019. Talk in the financial press had been the high volatility days were over. The Feb futures were up 24% yesterday and down 16% today, suggesting vol is realizing pretty high at the moment! The index is slowing but at 26k the Feb is trading at a USD 11k discount, suggesting it will not take much to get the Feb futures back above USD 18,250 level. We remain a bull for now based on the wave analysis. But if you study candlesticks, that is one heck of a big dark cloud cover pattern.

Like yesterday when the Capesize market is pushing that hard, the Panamax tends to follow. Well today the Panamax was following the Capsize again; However, this time it was down. The markets are moving fast making them very reactionary, the bearish engulfing candle on the Q2 21 futures is a concern, Elliott wave analysis would suggest the move is considered as counter-trend. However, if the futures trade below the USD 10,782 level then some question will be asked about the depth of the pullback. The front month futures are discounted by nearly 2.5k to the index, putting the futures ratio at 1.22, which although high, it has been higher. At this point the index looks like it could target the USD 13,872—USD 14,152 suggesting that the downside move in the Panamax could falter if the index holds in trend.

The Supramax was never going to hold in the face of the sell off in its bigger sisters. However, the index continues to push higher with the futures discount back to USD 1,000. The futures may have entered a corrective phase but the index strength would suggest that downside moves should be limited. If the index pushes higher then the Feb futures should follow

No real news in the oil market has left the futures following the technical higher. Price is now very close to entering its target zone, with API figures out tomorrow making for an interesting finale, with the target zone be met?. We have targeted the USD 57.00 - USD 59.00 as a target area and at this point there is little reason to think that this will not happen.

Have a nice evening