

FIS Brent Daily technical

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FIS Technical – Brent Nov 23



Support	Resistance	Current Price	Bull	Bear
S1	R1	84.14	Stochastic oversold	RSI below 50
81.94	88.88			
S2	R2			
78.66	90.56			
S3	R3			
77.63	92.84			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8 - 21 period EMA's
- RSI is below 50 (39)
- Stochastic is oversold
- Price is above the weekly pivot point USD 94.94
- We remained technically bullish last week with the RSI rejecting a resistance point on the 28/09. We had a bit of a mixed technical as the wave 3 that we are on (III) looked like it may be extending on the lower time frame. We noted that this would make sense as it would be unusual (not impossible) for wave 3 to be shorter than wave 1. However, we had moved higher on lower volume and a drop in aggregate open interest (AOI). This was a bearish signal, but it had coincided with Golden Week in China, meaning it could potentially just have been a function of the Holiday that had started that day (29/09). Working on this basis of price only (I.E the Elliott wave cycle), the cycle suggested that there was potentially further upside, targeting USD 98.76 – USD 100.46 in the near term. We were yet to confirm if there was some form super cycle in play, as the futures would have needed to stay elevated for quite some time. We maintained our view that downside moves would be considered as countertrend. There is a moral in the last technical, I should not make assumptions. The rising futures on lower volume and decreasing AOI should not have been ignored, as it has turned out to be a legitimate signal and not related to the public holiday in China. The futures have collapsed on high volume with AOI continuing to drop. Price is below the 8-21 period EMA with the RSI below 50, the depth of the pullback would suggest that the wave cycle is now neutral and could potentially soon fail.
- Upside moves that fail at or below USD 92.84 will warn that the futures are vulnerable to further tests to the downside, above this level the futures will target the USD 97.69 fractal high.
- Technically we are bullish with a neutral bias based on the wave cycle. However, the depth of this pullback suggests that the cycle has the potential to fail, so we will stay with the technical and not the psychological side of the market. The RSI has gone from divergent to a new low, with price selling lower on high volumes and dropping open interest. Market longs have exited, or are exiting, the depth of the pullback means that the probability of the futures trading to a new high is decreasing. The new low on the RSI would suggest that upside moves should now be considered as countertrend, making USD 92.85 the key resistance to follow. The MA on the RSI also indicates that momentum remains weak, implying resistance levels should hold if tested.

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