

FIS Brent Daily technical

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FIS Technical – Brent Feb 24



	Support	Resistance	Current Price	Bull	Bear
S1	79.13	R1	75.32		RSI below 50
S2	78.41	R2			
S3	76.60	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8 - 21 period EMA's
- RSI is below 50 (43)
- Stochastic is overbought
- Price is above the weekly pivot point USD 80.52
- Technically we were bullish last week having traded above the USD 83.97 fractal resistance. However, this had created a 3-wave pattern higher that topped out at the 100% Fibonacci projection level, warning of technical weakness. We noted in the morning technical (01/12) that we could see the market try to close the bearish gap (USD 82.58), if we did, and saw a daily price close above USD 82.33, it would warn that the USD 84.75 resistance could come under pressure. However, if we closed the gap but closed below USD 82.33 level, it will suggest caution, as we would remain vulnerable to downside moves. Aggregate open interest had flattened off and no longer gave a directional bias. We were still cautious on downside moves due to the previous 5-wave pattern lower; however, the 3-wave pattern higher was a concern and needed to be monitored. The futures failed to close the bearish gap, resulting in price trading below USD 76.60, meaning the technical is back in bearish territory. We are below all key moving averages, supported by the RSI below 50.
- Upside moves that fail at or below USD 80.95 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, our intraday Elliott wave analysis suggests that the current upside move is potentially countertrend, making USD 80.95 the key resistance to follow, a move above this level will mean the probability of the futures trading to a new low will start to decrease.
- We are now approaching an area of support (USD 71.58-USD 71.28). Between March and July of this year, this support was tested and held on 4 separate occasions. At the time, we stated that although the longer-term Elliott wave cycle was bearish, the futures were not considered a technical sell above this level. This proved to be correct and resulted in the futures trading at a high of USD 79.69 in a 3-wave pattern, we thought that the cycle had failed and missed the 5th and final wave 5 lower by USD 1.16. However, it is starting to look like that wave 4 high in April 23, may have been incorrect, as this large 3-wave pattern to the high of USD 97.69 is potentially the wave 4. Now we will admit that this is all a bit subjective. However, we never traded below the USD 70.12 low whilst price is showing bearish impulse patterns lower, warning that we could still be in a 23-month bear cycle. If this is the case, even if we fail to test and break the support zone now, providing we stay below USD 89.49, it will be vulnerable, making it a target for market sellers.

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