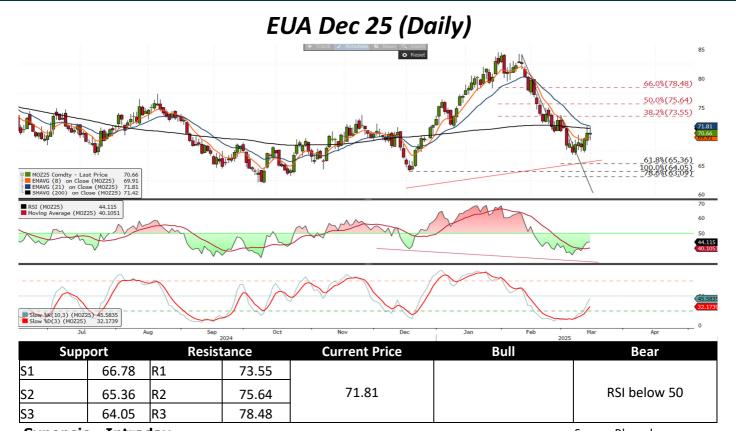
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FIS

EUA Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120



Synopsis - Intraday

Source Bloomberg

- Price is between the 8—21 period EMA's
- RSI is below 50 (44)
- Stochastic is below 50
- Technically bullish with the neutral bias last week, the MA on the RSI implied that momentum remained week. The depth of the pull-back did mean that the probability of the futures trading to a new high was decreasing. Despite the move lower last week, we still had a 5-wave pattern lower with price in divergence on both the 1-and-4-hour timeframes; however, we noted that if we remained at those levels or continued to move lower, it would create a bearish Elliott wave extension, as the oscillator cross on the intraday technical was marginal. We remained cautious on downside moves due to the divergences in play; however, the depth of the pullback did suggest that upside moves could struggle to hold, making USD EUR 78.50 the key resistance to follow. If broken, the technical would be back in bullish territory.
- The futures have moved high on the divergences highlighted last week, price is now between the 8-21 period EMA's supported by the RSI above 50.
- Upside moves that fail at or below EUR 78.48 will leave the futures vulnerable to further tests to the downside, above the level will be back in bullish territory.
- Technically we remain bearish with a neutral bias, the MA on the RSI implies that momentum is supported with price now testing the 200-period MA (EUR 71.42); a close above that holds above the averages will warn that the EUR 78.84 resistance could be tested and broken, if it is, then the technical will be back in bullish territory. Likewise, a rejection of the average will leave support levels vulnerable. However, we continue to have a note of caution on lower moves as the intraday wave cycle does warn that the bearish correction could potentially have completed. We should note that the lower timeframe oscillator cross is still marginal, so there is a chance still we could see a bearish wave extension. Based on the information on the technical at this point, we are cautious on lower moves.

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