

FIS Brent Intraday Morning Technical

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Brent July 25 Morning Technical Comment – 240 Min



Synopsis—Intraday

Chart source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point 65.37
- Near-term price action was bullish yesterday, the longer-term Elliott wave cycle was bearish, above USD 69.66 it become bearish/neutral, meaning the probability of the futures trading to a new low would start to decrease. The divergence failure previously had warned that downside support levels should hold; however, this was negated by the bearish Harami and bearish gap on the daily timeframe. The ascending triangle previously had a bullish bias, but whilst consolidating price action was considered as neutral. The open yesterday had produced a bullish breakaway gap from the ascending triangle, we noted that in theory, there was a strong possibility that the gap would not get filled, as we were looking at a continuation pattern. The caveat was that price would be back in divergence with the RSI if we traded above USD 66.81, warning buyside momentum could slowdown. We noted that price was always the lead indicator, if the gap didn't get filled, it would suggest upside continuation, meaning the 4-hour divergence should fail. If we closed the gap before moving higher, then we suggested that we should be mindful of the divergence. At that point, based on the breakout from the ascending triangle, the polarity resistance was starting to look vulnerable.
- The futures filled the gap, resulting in price selling lower. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 65.37 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. Key resistance remained unchanged at USD 69.66, the higher timeframe Elliott wave cycle remains bearish below this level and neutral above.
- The gap closing followed by the move lower has bearish implications, as the upside breakout turned out to not be a continuation pattern. This suggests that the USD 62.86 Fibonacci support is now vulnerable, if broken, then the probability of price trading to a new high will start to decrease. Price action is bearish and moving lower in line with the larger Elliott wave cycle, suggesting support levels are vulnerable.

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