

EUA Dec 25 (Daily)



Support		Resistance		Current Price	Bull	Bear
S1	67.29	R1	71.20	70.06	RSI above 50	Stochastic overbought
S2	65.92	R2	74.23			
S3	64.04	R3	75.43			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (53)
- Stochastic is overbought
- Technically we are still bearish last week; however, the MA on the RSI implied that momentum was supported, whilst price was moving higher on the momentum based inverse head and shoulder pattern highlighted previously. The futures were approaching the EUR 69.42 resistance, if broken, then the probability of price trading to a new low would decrease, meaning there would be an increased probability that the bearish wave cycle could fail. Like the previous week, the Elliott wave cycle suggested upside moves should be considered as countertrend; however, we still lean to the buy side, based on the momentum support and increased volume, as it suggested downside moves could struggle to hold.
- The futures have continued to move higher with price now above the EUR 69.42 resistance. We are above the 8-21 period EMA's with the RSI above 50.
- Downside moves that hold at or above EUR 64.04 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bearish but with a neutral bias, the probability of the futures trading to a new low has started to decrease, meaning there is a higher probability of the bearish Elliott wave cycle failing. Having closed above the 200-period MA on the 07/05 (EUR 70.69), price is now trading back below the average today (the candle is still open), meaning we are at an inflection point. We should also note that EUR 71.49 is the 100% Fibonacci projection level of the initial move higher. Technically we are finding resistance, if we close below and hold below the average, then we could see the Fibonacci support zone come under pressure, making USD 64.04 the key level to follow. A close below the low of the last dominant bear candle EUR 69.05 will warn that sell side pressure is increasing, leaving the futures vulnerable to a technical pullback.

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