

EUA Dec 25 (Daily)



Support		Resistance		Current Price	Bull	Bear
S1	74.79	R1	77.31	75.53	RSI above 50	
S2	73.65	R2	79.17			
S3	72.12	R3	81.97			

Synopsis - Intraday

Source Bloomberg

- Price is below the 8—21 period EMA's
- RSI is above 50 (53)
- Stochastic is below 50
- Technically bullish last week, the MA on the RSI implied that momentum was supported; countering this, the new high meant that we now had a negative divergence in play. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. We noted that the pullback the previous week had not been deep enough to qualify as the lower timeframe counter-trend wave that we were looking for, meaning we had seen a bullish lower timeframe Elliott wave extension. We are cautious on upside moves at those levels due to the divergence; however, downside moves were still be considered as countertrend, making EUR 72.12 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.
- The futures have entered a corrective phase on the back of the divergence. We are below the 8-21 period EMA's supported with the RSI above 50.
- Downside moves that hold at or above EUR 72.12 will support a bull argument, below this level the technical will be back in bearish territory.
- Bullish but in a corrective phase, the MA on the RSI implies that momentum is weakening. Upside moves that fail at or below EUR 77.31 will leave the futures vulnerable to further tests to the downside; conversely, if broken, market bulls will look to test the EUR 78.45 fractal high. Our Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, making EUR 72.12 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease, increasing the probability of the bullish wave cycle failing.