FIS

Brent Intraday Morning Technical

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Brent Dec 25 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	64.21	R1	65.77	64.40		
S2	63.42	R2	67.12			
S3	62.35	R3	68.47			

Chart source Bloomberg

Synopsis—Intraday

- Price is below the 8-21 period EMA's
- RSI is at 50 (50)
- Stochastic is below 50
- Price is below the daily point USD 65.77
- Bullish based on price yesterday, the futures were selling lower on a minor negative divergence with the RSI, whilst the MA on the RSI implied that momentum was weak. We noted that we were in the process of rejecting the USD 67.12 resistance, warning support levels could come under pressure in the near-term. However, the RSI and price had both made a new high, implying intraday downside moves could be countertrend, making USD 62.35 the key support to follow. If broken, then the USD 60.07 support could be tested and broken; conversely, if support held, then resistance levels could still be tested. Not a clean technical, the upside rejection warned that we could be following the larger bearish Elliott wave cycle; whilst the RSI high implied that the USD 67.12 resistance remained vulnerable, meaning we had a neutral bias.
- The futures continue to sell lower with price below all key moving averages whilst the RSI is neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4—hour candle above USD 65.77 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 67.12 would leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Bullish but in a corrective phase, the MA on the RSI implies that momentum remains weak. The futures have rejected the USD 67.12 resistance, warning that there could be a larger bearish Elliott wave cycle in play; however, as highlighted yesterday, the RSI high is warning that downside moves could be countertrend, making USD 62.35 the key support to follow. If broken, then we target the USD 60.07 fractal low. The technical continues to conflict between the wave cycle and the RSI high, making USD 62.35 a key level to follow. We should be following the wave cycle lower here, but with the US sanctions last week alongside the RSI making new highs, it makes me think that support levels could hold if tested, as the corrective move is on lower volume.