

Brent Dec 25 Morning Technical Comment – 240 Min



Support	Resistance	Current Price	Bull	Bear
S1	64.21	R1	64.72	
S2	63.42	R2	65.48	
S3	62.35	R3	67.12	
		64.66	RSI above 50	

Synopsis—Intraday

Chart source Bloomberg

- Price is between the 8-21 period EMA's
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily point USD 64.72
- Bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum remained weak. The futures had rejected the USD 67.12 resistance, warning that there could be a larger bearish Elliott wave cycle in play; however, as highlighted previously, the RSI high warned that downside moves could be countertrend, making USD 62.35 the key support to follow. If broken, then we would target the USD 60.07 fractal low. The technical continued to conflict between the wave cycle and the RSI high, making USD 62.35 a key level to follow. We noted that we should be following the wave cycle lower, but with the US sanctions last week, alongside the RSI making new highs, it made me think that support levels could hold if tested, as the corrective move was on lower volume.
- The futures sold to a low of USD 63.92 before finding light bis support. We are between the 8-21 period EMA's with the RSI above 50, intra-day price and momentum are conflicting.
- A close on the 4—hour candle above USD 64.72 with the RSI at or above 56.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. 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.
- We remain bullish but in a corrective phase with the MA on the RSI implying that momentum is weak. As highlighted previously, the upside rejection warned that we could sell lower; however, the RSI high alongside a pullback on low volume meant that the technical implied that support levels could hold. A close that holds above the intraday 200-period MA (USD 65.47), will warn that the USD 67.12 resistance could be tested and broken; if it is, then the probability of the futures trading to a new low will start to decrease. Conversely, a move below the USD 62.35 support will indicate sell side pressure is increasing, leaving the USD 60.07 fractal low vulnerable. We continue to be cautious on moves lower.