FIS

Brent Intraday Morning Technical

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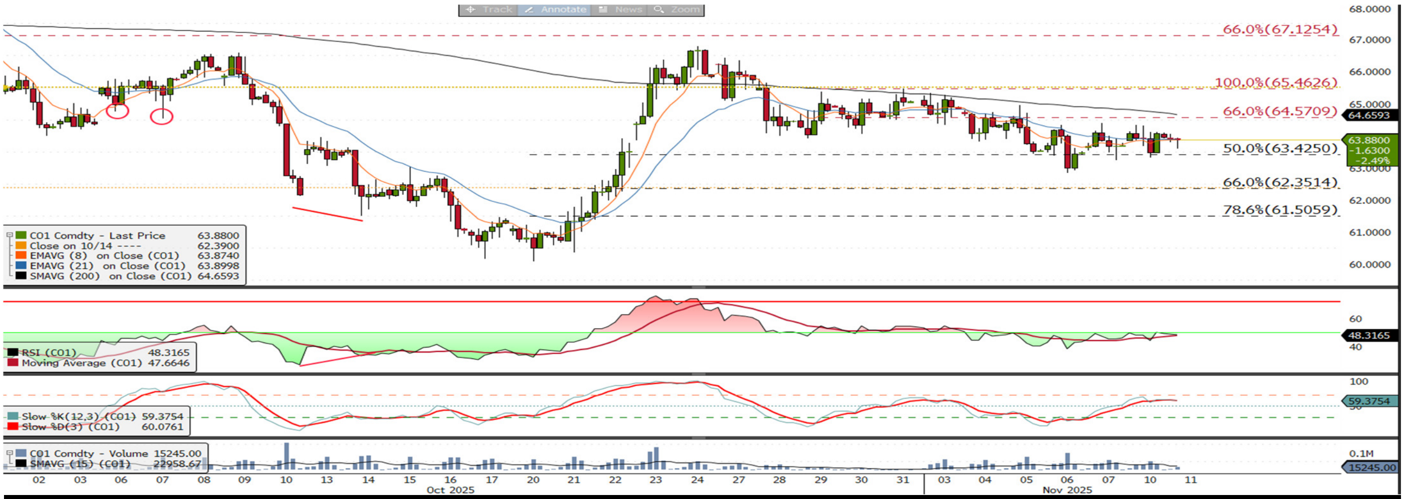
Brent Jan 26 Morning Technical Comment – 240 Min



Support		Resistance		Current Price	Bull	Bear
S1	63.42	R1	64.57	63.88		RSI below 50
S2	62.35	R2	65.46			
S3	61.50	R3	66.78			

Chart source Bloomberg

Synopsis—Intraday

- Price is on the 8-21 period EMA's
- RSI is below 50 (48)
- Stochastic is above 50
- Price is on the daily point USD 63.87
- Technically bearish yesterday, we had noted in the weekly report on Friday that we had a 3-wave pattern lower, whilst the 3rd wave consisted of 5-waves on the lower timeframe. This suggested that the lower timeframe cycle had potentially completed, making USD 62.84 the key support to follow, and USD 64.57 the key resistance. Below USD 62.84 would signal that there is a larger bear-cycle in play, warning the USD 62.35 and USD 60.07 support levels could be tested and broken. Conversely, above USD 64.57 would indicate that the probability of the futures trading to a new low would start to decrease. We noted that we had two Doji crosses on the daily timeframe, indicating the market suffering from indecision.
- The futures continue to consolidate, we are on the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4—hour candle below USD 63.87 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 67.12 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical this morning, we now have a third Doji on the daily timeframe (Doji Custer). The cluster signals that momentum is fading and that market participants are uncertain about the next direction. As highlighted previously, the lower timeframe corrective cycle looks like it may have completed, meaning we are cautious on downside moves. However, below USD 62.84 will warn that there could be a larger, bear cycle coming into play, warning the USD 62.35 and USD 60.07 support levels could come under pressure. Conversely, above USD 64.57, the probability of the futures trading to a new low will start to decrease. The Doji cluster signals that near-term price action is neutral.