

Brent Jan 26 Morning Technical Comment – 240 Min



Support		Resistance		Current Price	Bull	Bear
S1	64.67	R1	65.46	64.86	RSI above 50	Stochastic overbought
S2	64.53	R2	66.78			
S3	63.42	R3	67.12			

Synopsis—Intraday

Chart source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily point USD 64.67
- Unchanged on the technical yesterday, we noted that we had a third Doji on the daily timeframe, creating a Doji Cluster. The cluster signalled that momentum was fading and that market participants were uncertain about the next directional move. As highlighted previously, the lower timeframe corrective cycle looked like it may have completed, meaning we were cautious on downside moves. However, below USD 62.84 would warn that there could be a larger, bear cycle coming into play, meaning 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 would start to decrease. The Doji cluster signalled that near-term price action is neutral.
- The futures broke the Doji cluster to the upside, resulting in price trading above USD 64.57. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4—hour candle below USD 66.67 with the RSI at or below 50 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.
- Bullish based on price due to the break above the USD 66.58 fractal resistance previously, the MA on the RSI indicates that we have momentum support. The Elliott wave cycle continues to warn that upside moves should be considered as countertrend, making USD 67.12 the key longer-term resistance to follow; if broken the probability of price trading to a new low will start to decrease. However, as noted previously, the move lower consisted of 3 - waves, whilst the 3rd wave consisted of 5-waves on the lower timeframe, signalling that the corrective phase may have completed. The move above USD 64.57 further supports a bull argument, warning resistance levels are vulnerable. We will have a note of caution if we close and hold below the intraday 200-period MA (USD 64.53), as it will warn that there is still higher timeframe sellers in the market.