

## Brent Jan 26 Morning Technical Comment – 240 Min



| Support |       | Resistance |       | Current Price | Bull                | Bear         |
|---------|-------|------------|-------|---------------|---------------------|--------------|
| S1      | 62.35 | R1         | 63.46 | 63.11         | Stochastic oversold | RSI below 50 |
| S2      | 61.50 | R2         | 64.30 |               |                     |              |
| S3      | 60.07 | R3         | 65.31 |               |                     |              |

### Synopsis—Intraday

Chart source Bloomberg

- Price is below the 8-21 period EMA's
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily point USD 63.46
- Bullish based on price due to the break above the USD 66.58 fractal resistance yesterday, the MA on the RSI indicated that we had momentum support. The Elliott wave cycle continued 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 would 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 supported a bull argument, warning resistance levels were vulnerable. We highlighted that we would have a note of caution if we closed and held below the intraday 200-period MA (USD 64.53), as it would warn that there was still higher timeframe sellers in the market.
- Having traded to a high of USD 65.31 the futures entered a corrective phase, downside price action accelerated after the IEA raised its forecast for a record surplus. We are now below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4—hour candle above USD 63.46 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 64.30 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Key longer-term resistance remains at USD 67.12.
- Technically bearish, the MA on the RSI implies that momentum is now weak. The move below USD 62.84 means we are seeing a downside wave extension, despite the move above USD 64.57 previously. This wave pattern will either be another a, b, c pattern, creating a larger W, X, Y corrective pattern; however, it could be that the initial C on the 06/11 has become 1 of a higher timeframe wave C, this would indicate a larger 5-wave pattern lower. At this point, it is too early to tell; however, in either pattern, upside moves should be considered as countertrend, as support levels are now vulnerable.