FIS

Brent Intraday Morning Technical

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Brent Jan 26 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	61.46	R1	62.51	62.31	Stochastic oversold	RSI below 50
S2	61.37	R2	64.00			
S3	60.70	R3	64.30			

Chart source Bloomberg

Synopsis—Intraday

- Price is below the 8-21 period EMA's
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily point USD 62.51
- The technical was bearish with a neutral bias last Thursday. However, price is trading back in its channel whilst on the intraday 200-period MA, meaning we are neutral.
- The futures have broken to the downside but remain in the falling channel. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4—hour candle below USD 62.51 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 45.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 64.00 will leave the futures vulnerable to further tests to the downside, above this level near-term price action will have a neutral bias. However, the longer-term Elliott wave cycle remains bearish below USD 67.12.
- Technically bearish, the MA on the RSI implies that momentum is weak. The downside move to a low of USD 61.87 means that price is divergent with the RSI, not a buy signal it is a warning that sell side momentum could slow, meaning we are cautious on downside breakouts below USD 61.87 in the near-term. For downside continuation, the futures are going to need to close and hold below the channel support (USD 61.46) with the divergence failing. Near-term resistance to follow is at USD 64.00, if broken, then the probability of price trading to a new low within this phase of the cycle will start to decrease. We are a cautious bear due to the divergence.