

EUA Dec 26 (Daily)



Support		Resistance		Current Price	Bull	Bear
S1	83.58	R1	86.42	86.08	RSI above 50	Stochastic overbought
S2	80.60	R2	86.99			
S3	78.71	R3	88.04			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (61)
- Stochastic is above 50
- Technically bullish last week, the futures were moving lower on the negative divergence with the RSI, resulting in price closing below the low of the last dominant bull candle (EUR 84.54). However, we noted that we had a bullish block on the 04/12 that had volume support (EUR 83.48), a close below the low of this candle would warn that trend support could be tested and broken (EUR 82.91). If it was, and we held below it, then market sellers will target the Fibonacci support zone (EUR 79.88—EUR 75.78). We are cautious on upside moves due to the divergence in play, and especially cautious on upside breakouts above EUR 85.54, as it would create further divergences with the RSI. Not a sell signal, the divergences warned that buy-side momentum could slow.
- The futures continue to trade to new highs, price is above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above EUR 76.14 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported at this point; however, the RSI is divergent with price, which will need to be monitored. Elliott wave analysis suggests that downside moves should be considered as countertrend, making EUR 76.14 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The aggregate open interest is high, suggesting the market is becoming exposed to if we enter a corrective move lower. A cautious bull.