

EUA Dec 26 (Daily)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|-------|-----------------------|
| S1 | 91.14 | R1 | 93.36 | Stochastic overbought |
| S2 | 89.20 | R2 | 95.47 | |
| S3 | 86.83 | R3 | 96.56 | |

Synopsis - Intraday

Source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (74)
- Stochastic is overbought
- Technical outlook (last week)—Cautious Bull. The futures continued to test their highs last week, we highlighted a rounded bottom pattern indicating that buy-side pressure was increasing, warning resistance levels could be tested and potentially broken. Fibonacci projection levels based off our Elliott wave analysis indicated that we have a potential upside target at EUR 92.92 for this phase of the cycle. Countering this, as upside breakout above the EUR 88.88 double top pattern would create a negative divergence between price and the RSI. The divergence was not a sell signal but it did warn that buy-side momentum could weaken. The conflict between the rounding bottom pattern and the divergence indicated caution.
- The rounded bottom was the winner of the day with price trading to a high of EUR 93.80, resulting in the divergence failing. Price remains elevated with the futures above all key support by the RSI above 50.
- Downside moves that hold at or above EUR 89.20 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Bullish. The continued rally in the futures has resulted in the prior divergence failing, implying further extensions in the Elliott wave cycle. This supports the view that any downside moves should be considered countertrend in nature. We identify EUR 89.20 as the key near-term support level to monitor. Corrective throwbacks that hold above this level would warn of further upside continuation. A sustained break below EUR 89.20 would weaken the near-term technical structure and suggest that price may be entering a higher-timeframe corrective phase. However, even if this near-term support is broken, the broader bullish technical outlook would remain intact. Both higher- and lower-timeframe Elliott wave cycles continue to indicate that any corrective moves should be viewed as occurring against the prevailing bullish trend.

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