

FIS Brent Daily technical

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FIS Technical (Daily)– Brent March 26



Synopsis - Intraday

Source Bloomberg

- Price is above the 8 - 21 period EMA's
- RSI is above 50 (60)
- Stochastic is overbought
- Technical Outlook previously: Bullish but corrective.
- The futures had consolidated previously. We noted that downside moves had found bid support at lower levels; however, we were finding resistance on the rising intraday upper channel. A close above USD 65.45 would warn that the USD 65.60 level could be tested and broken, a key resistance, as a move above it would imply that the futures could be entering a bullish impulse wave 5. Price action was neutral due to the consolidation, meaning we needed to close outside of the USD 63.26—USD 65.45 range for near-term directional bias.
- The futures broke to the upside resulting in price achieving new highs. We are above all key moving averages supported by the RSI above 50.
- Downside moves that hold at or above USD 67.62 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Bullish but in divergence.
- The upside move to a new high means that price is divergent with the RSI; not a sell signal it is a warning that we could see a momentum slowdown, this needs to be monitored. Countering this, the RSI has broken near-term resistance (momentum confirmation), on volume support, while managed money continue to increase, new longs (commitment of traders report); this suggests that intraday downside moves still have the potential to be counter-trend, making USD 67.62 the key support to follow. Below USD 67.62 the probability of the futures trading to a new high within this phase of the cycle will begin to decrease. However, corrective moves that hold at or above USD 63.48 will warn that there could be a larger, bullish cycle in play. The divergence needs to be monitored, intraday momentum (ROC rate of change) is weakening, warning we could see a test to the downside in the near-term. However, the broader structure is warning there should be further upside to follow.