



Brent Intraday Morning Technical

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Brent May 26 Morning Technical Comment – 60 Min



	Support	Resistance	Current Price	Bull	Bear
S1	82.71	R1	95.04	RSI above 50	
S2	76.21	R2	96.28		
S3	72.18	R3	100.19		

Synopsis—Intraday

Chart source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily point USD 88.00
- Technical outlook Tuesday: Weakening momentum
- With four of the last thirteen 4-hour candles having a range of over USD 10.00 we are moving to a lower timeframe technical in the interim (60-min).
- We noted yesterday that momentum was weakening, with the chart only there to highlight support and resistance levels, we will try and produce a more viable technical today; however, we re-iterate that directional bias has a very high probability of coming from the news wire.
- The futures sold lower yesterday on news that Saudi Arabia would be pumping oil on there East-west pipeline; alongside an announcement of a release of strategic reserves. Having traded to a low of USD 81.16 due to the US posting, and then deleting that they had escorted a tanker in the straight. This resulted in price recovering the USD 10 loss. We are above the 60-min 8-21 period EMA's with the RSI neutral at 50, intraday price and momentum are aligned to the buyside (again, this is on the 1-hour timeframe, so more sensitive to false signals).
- A close on the 1—hour candle below USD 88.00 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 106.46 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Caution on downside moves.
- The futures have seen high volume bid support off the 1-hour 200-period MA at USD 84.75, this was accompanied by a positive divergence with the RSI, resulting in a move higher. Based on the correction, our Elliott wave analysis is suggesting that upside moves have the potential to be countertrend, implying we could be in a corrective Elliott wave B. Volume support at lower levels alongside the divergence mean we have a cautious approach to downside moves at this point. Point of observation: We have a potential negative reversal pattern in play between the RSI, and the fractal high at USD 95.04. For the Fibonacci resistance to come under pressure, we need to see price and the RSI achieving new highs, making USD 95.04 the key near-term resistance to follow.

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