FIS

Brent Intraday Morning Technical

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Brent Sep 26 Morning Technical Comment – 240 Min

Support		Resistance		Current Price	Bull	Bear
S1	85.35	R1	89.23	86.01	RSI above 50	Stochastic overbought
S2	82.50	R2	92.85			
S3	79.90	R3	98.99			

Synopsis—Intraday

Chart source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (70)
- Stochastic is overbought
- Price is above the daily point USD 85.35
- Technical outlook Previously: Buyside pressure increasing.
- A high volume dominant bull candle previously had resulted in the futures reclaiming the intraday 200-period MA at USD 82.82, and the daily 200-period MA at USD 79.22. We were in divergence with the RSI; however, we noted that the divergence was a warning, we would need to see bearish price action/signals, to confirm it was being respected. In theory, our wave analysis implied upside moves should be considered as countertrend, providing the USD 89.23 resistance was not breached. The reality, if the strait stayed closed, then market bulls would target the USD 89.23 resistance. Taking the wave cycle out of the equation, price action and volume support are bullish, the divergence would need to be monitored.
- The futures remain supported above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 85.35 with the RSI at or below 65 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 89.23 would leave the futures vulnerable to further tests to the downside, above this level the technical would have a neutral bias.
- Technical outlook: Profit taking?
- The 100% Fibonacci projection of the initial wave is at USD 85.99. We are seeing high volumes around this level, suggesting we could be looking at some profit taking in the market, as this projection is also known as an A– B = C-D pattern, making it a natural upside target to close existing longs. The RSI remains in divergence, but has once again breached the 70 level while price is holding above the intraday 200-period MA at USD 82.50, implying the technical remains supported. Market bulls should act with caution on a close and hold below the longer-term average, while a beach in the USD 75.90 support would reduce the probability of price trading to a new high. Conversely, a close and hold above the USD 85.99 level would warn of upside continuation.