FIS Brent Daily technical

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FIS Technical (Daily)– Brent Sep 26

Support		Resistance		Current Price	Bull	Bear
S1	80.28	R1	89.19	84.36	RSI above 50	
S2	77.28	R2	92.82			
S3	75.72	R3	98.99			

Synopsis - Intraday

Source Bloomberg

- Price is above the 8 - 21 period EMA's
- RSI is above 50 (55)
- Stochastic is above 50
- Technical Outlook previously: Caution on upside moves
- We noted last week that our Elliott wave analysis continued to suggest that upside moves should be considered as countertrend, providing we remained below the USD 89.19 level. Above USD 89.19 the probability of price trading to a new low would begin to decrease. The daily 200-period MA was at USD 79.03 while the weekly 200-period MA is at USD 79.18, meaning we have key benchmark averages acting as a blocker to upside moves. The rejection of the daily average previously had been on lower volume, warning of buyside support entering the market, as it suggest market buyers had stepped back, rather than sell side pressure increasing. A close and hold above the USD 79.18 level would signal an increase in buyside pressure, warning resistance could be tested. The momentum push on the intraday technical did warn we could see another test of the USD 80.59 high that formed on the 08/07; however, this technical needed to see a bullish close and hold above USD 79.18 to support near-term upside continuation. There is evidence of support, but we continue to be cautious on higher moves.
- The futures produced the close and hold above the 200—period MA, resulting in price trading higher. We are above all key moving averages supported by the RSI above 50.
- Upside moves that fail at or below USD 89.19 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical Outlook: Buyside pressure increasing
- Fromm a technical perspective the futures are above both the daily and weekly 200-period averages, signaling buyside pressure is increasing. In theory, our Elliott wave analysis suggests that upside moves should be considered as countertrend, providing we remain below the USD 89.19 resistance. Wave analysis is based of market psychology, the closure of the strait means psychology is changing, meaning the USD 89.19 level is vulnerable. If broken, then the probability of price trading to a new low will begin to decrease. Saying that, we have a small rejection candle below key resistance, this has been followed by two Doji's. There is indecision and uncertainty in the markets at these levels, as reflected in recent price action; however, if we trade and close above the high of the rejection candle at USD 87.55, it will signal upside continuation. Psychology is changing, but we need the bullish close to move higher. Market buyer's should act with caution on a close and hold below the daily 200-period MA, as it would signal an increase in sell side pressure.