FIS Brent Intraday Morning Technical

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Brent Nov 26 Morning Technical Comment – 240 Min



Support		Resistance		Current Price	Bull	Bear
S1	100.19	R1	104.91	101.47	Stochastic oversold	RSI below 50
S2	98.86	R2	105.89			
S3	94.78	R3	109.97			

Synopsis—Intraday

Chart source Bloomberg

- Price is below the 10-50 period SMA's (Simple Moving Average)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is on/above the daily point 104.41
- Technical outlook Previously: Sell side pressure increasing
- We noted yesterday that the 50-period and 200 period SMA's continued to rise, implying the broader trend remained bullish at that point. Price had closed and rejected the 50-period SMA at USD 104.95, signaling sell side pressure was increasing; however, as highlighted in the weekly report, a daily close below the USD 100.19 was needed on the higher timeframe to confirm weakening momentum. Throwbacks below USD 98.86 would take the intraday technical into neutral territory; likewise, if we held the USD 98.86 support, it would leave price vulnerable to a lower timeframe bullish Elliott wave extension.
- The futures sold to a low of USD 98.98 but failed to close below the USD 100.19 level. We remain below the 10-50 period SMA's with the RSI below 50, intraday price and momentum are conflicting as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 104.41 with the RSI at or above 42.5 would mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 38 would mean it is aligned to the sell side. Downside moves that hold at or above USD 94.78 would support a longer-term bull argument, below this level the technical would have a neutral bias.
- Technical outlook: Caution on downside moves.
- The futures remain in a corrective phase supported by the RSI below 50. However, we have an intraday 3-wave pattern lower, within the third wave (wave C) we have a 5-wave pattern lower, implying caution on lower moves at this point. Although cautious on downside moves, the futures will need to trade above the 1-hour fractal resistance at USD 102.59, with price and momentum aligned to the buyside, to signal buyside pressure is increasing. From a technical perspective we need to see more upside to signal that this phase of the corrective cycle has completed. We mark USD 105.89 as a key resistance to follow, as a rejection at or below this level would imply that the corrective phase has the potential to become more complex. Conversely, caution is warranted if the USD 98.86 support is breached, as the depth of the pullback would warn that the probability of price trading at a new high has started to decrease.

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