FIS

# Brent Intraday Morning Technical

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## *Brent Dec 26 Morning Technical Comment – 240 Min*




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 98.86 | R1 | 103.40 | 100.85 | | RSI below 50 |
| S2 | 98.10 | R2 | 104.65 | | | |
| S3 | 94.78 | R3 | 106.20 | | | |

### Synopsis—Intraday

Chart source Bloomberg

- Price is below the 10-50 period SMA's (Simple Moving Average)
- RSI is below 50 (44)
- Stochastic is above 50
- Price is below the daily point 101.23
- Technical outlook Previously: Supported
- We noted on Thursday that the gap lower on the roll had resulted in bid support on higher volume. A close above the trend resistance line at USD 100.46 would put price back in the broadening pattern, taking the technical into neutral territory. Conversely, caution was warranted if the resistance line was rejected. The futures would want to trade up to USD 101.92, as this would close the bearish gap that had formed; failure to do so would suggest weakens based on price. We were showing signals of support with price back above the intraday 200-period MA at USD 98.10, we needed to hold above the average if we are to move higher.
- The futures traded at a high of 103.96, we remain below the 10-50-period SMA's at this point. The RSI is below 50 with price and momentum aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 101.23 with the RSI at or above 44 would mean price and momentum are 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: Neutral
- The futures remain in the broadening pattern, implying the technical remains neutral. As highlighted previously, we do have evidence of support at lower levels on the roll into Dec; however, we have seen price reject the 50-period SMA at USD 103.40. For upside continuation, the futures will need to close and hold above the average. As highlighted in the weekly report on Friday, there is a chance that the Elliott wave cycle could have truncated (wave 5 failed to make a new high); however, at this point, we maintain our view that moves lower should be considered as corrective, rather than bearish at this point. If the futures trade below USD 94.78, then the probability of price trading at a new high would begin to decrease. Until the technical tells us otherwise, we think we are looking at a flat Elliott wave correction, suggesting caution is warranted on lower moves. If we close but fail to hold above the 50-period MA and reject the USD 104.65 resistance, market bulls should act with caution.

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