FIS Brent Intraday Morning Technical

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Brent Dec 26 Morning Technical Comment – 240 Min



Support		Resistance		Current Price	Bull	Bear
S1	99.04	R1	101.16	99.86		RSI below 50
S2	98.86	R2	102.15			
S3	97.54	R3	103.42			

Synopsis—Intraday

Chart source Bloomberg

- Price is below the 10-50 period SMA's (Simple Moving Average)
- RSI is below 50 (42)
- Stochastic is above 50
- Price is below the daily point 101.16
- Technical outlook Previously: Neutral
- The futures remain in the broadening pattern yesterday, implying the technical remained neutral. As highlighted previously, we did 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 would need to close and hold above the average. As highlighted in the weekly report on Friday, there was a chance that the Elliott wave cycle could have truncated (wave 5 failed to make a new high); however, we maintained our view that moves lower should be considered as corrective, rather than bearish at that 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 told us otherwise, we thought that we were looking at a flat Elliott wave correction, suggesting caution was warranted on lower moves. If we closed but failed to hold above the 50-period MA and rejected the USD 104.65 resistance, market bulls should act with caution.
- The futures rejected the 50-period SMA resulting in price selling lower. We are below the 10-50-period SMA's with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 101.16 with the RSI at or above 48.5 would mean price and momentum are aligned to the buy-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: Inflection point
- Taking the roll into Dec out of the technical, we now look to be in a bear channel rather than a broadening pattern. Having rejected the 50-period SMA at USD 103.42 the futures are now testing the 200-period SMA at USD 99.04, meaning we are at an inflection point; a close and hold below the average would leave market sellers looking to test the channel support at USD 97.54. Conversely, above the channel resistance at USD 102.15 we look to test the 50-period SMA at USD 103.42. The broader trend look to be bullish with price in a corrective phase,; however, while between two key moving averages, price action is considered as neutral. Although we are in a falling channel, this technical continues to lack directional bias.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com