

EUA Dec 26 (Daily)



Support		Resistance		Current price	Bull	Bear
S1	85.10	R1	88.95	85.63		RSI below 50
S2	84.55	R2	90.51			
S3	82.35	R3	93.80			

Synopsis- Intraday

- Price is below the 8-21 period EMA's
- RSI below 50 (48)
- Stochastic is below 50
- Technical Outlook Previously: Neutral
- We noted last week that in theory price was back in the descending triangle pattern, implying the technical was neutral. However, the upside move to a new high created a failed breakout due to a negative divergence, meaning we had a cautious approach to further breakouts above the EUR 88.82 fractal high. A close and hold below EUR 84.07 would suggest that sell side pressure is increasing, as this would also put price below the EUR 84.55 support, implying that the probability of the futures trading at a new high had started to decrease.
- With the low to high in one move, we have changed the triangle to a broadening pattern, signaling indecision in the market. Price is on below the 8-21 period EMA's with the RSI below 50.
- Downside moves that hold at or above EUR 84.55 will support a bull argument, below this level the technical will have a neutral bias.
- Technical Outlook: Neutral
- The futures have breached the EUR 84.55 support by 1 cent, a move below this level again would suggest that the probability of the futures trading at a new high has started to decrease. With the upside breakout failing on a negative RSI divergence, we have a note of caution on upside moves above the EUR 88.82 fractal high, as it will cause further divergences. Downside moves that close and hold below the 50-period SMA would leave support levels vulnerable. The broadening pattern is a neutral pattern that signals indecision in the market, as highlight by price making a lower low followed immediately by a higher high. The broadening pattern is forming after a EUR 25 rally with the RSI in divergence, meaning we are cautious on upside moves.