FIS Tanker Technical

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TD3C Nov 26 (Rolling Front Month)



Support		Resistance		Current Price	Bull	Bear
S1	197	R1	250	237	RSI above 50	
S2	181	R2	264			
S3	159	R3	286			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 8-21 period EMA's
- RSI is above 50 (64)
- Stochastic is overbought
- Technical outlook previously: Downside moves considered as countertrend
- Unchanged on the technical last week, we remained in a corrective phase having gapped lower on the futures roll. Our Elliott wave analysis continued to suggest throwbacks that held at or above USD 159 would support a lower timeframe bull argument, below this level the technical would enter a higher timeframe corrective phase (still considered as countertrend), making USD 131 the key support to follow. Market sellers should act with caution if the RSI closed and held above its trend resistance, as it would warn that sell side momentum was potentially slowing down. We noted that the RSI breaking trend resistance was not prerequisite to price turning higher, but momentum often turned before price, and could act as an early warning signal.
- The RSI broke trend resistance resulting in the futures trading higher. We are above all key moving averages with the RSUII above 50.
- Throwbacks that hold at or above USD 159 would support a bull argument, below this level the futures will have a neutral bias.
- Technical outlook: Buyside pressure increasing
- The RSI resistance break has been supported by the RSI moving above 50, signaling an increase in buyside pressure. Fibonacci projection levels suggest we could trade as high as USD 307 within this phase of the cycle. However, a new high above USD 250 will create a negative RSI divergence. The divergence is not a sell signal, it is a warning that we could see a momentum slowdown, this will need to be monitored. Bearish price action would be needed to confirm that the divergence was being respected. The increase in buyside pressure does suggest that the USD 250 fractal high could be tested and broken; however, above this level the divergence will need to be closely monitored.

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