

FIS Technical - Brent September

Technical Analyst

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Comment:

The higher low off the USD 46.64 support has created a bullish technical on the daily chart, targeting USD 49.90.

However the weekly trend, although strengthening remains technically bearish. For this reason market longs should remain cautious until we see a close above USD 49.90.

Market sellers need to see a trade below USD 48.15, as this would suggest a lower high is forming in the market, targeting the USD 46.64 support.

Brent September Futures



Resistance – 49.90, 50.71, 51.96

Support- 48.24, 46.64, 46.11

The Bullish gap was filled, allowing technical sellers to enter the market. Downside moves failed to close below the longer term support at USD 46.64 dating back to the 5-05-17, resulting in a doji on the 10-7-17 which went on to form a swing low in the market. Signalling to buyers of further upside continuation.

The daily candlesticks continue to make higher highs, with technical resistance at USD 49.90. This will be a key level, failure to trade above here would neutralise the current bullish conditions, and suggest either a period of consolidation or a potential retracement. A close above the resistance would suggest upside continuation and market buyers should look for the USD 49.90 level to then act as a market support.

A close below USD 48.37 should have market longs looking to tighten risk, a trade below USD 48.15 would indicate a potential swing high has formed, targeting the technical support at USD 46.64.

Currently bullish on the daily technical with an upside target of USD 49.90 as we continue to make higher highs. However caution if we trade below USD 48.15 and close in the lower third of the daily candle, as this would imply a weakening of the bullish technical.

Technical Analysis Glossary

Pivot Point

A point where the market makes a new high or low, before reversing in direction.

Trend Line

A directional line connecting pivot points.

Primary Trend

The main trend line over an extended period of time.

Secondary Trend

Distinct from but within the primary trend. Indicates recent trend.

Support

A previous market low where market participants have been prepared to enter long positions.

Resistance

A previous market high where market participants have been prepared enter short positions.

Range

An area between the support and resistance.

Relative Strength Index (RSI)

A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions in an asset. The RSI ranges from 0 to 100. Typically speaking, an asset is deemed to be overbought once the RSI approaches the 70 level, and likewise, as the RSI approaches 30, it is deemed to be oversold.

Fibonacci Retracement

Refers to areas of support or resistance. A Fibonacci retracement shows the potential retracement of a financial asset relative to the original move in price. A trend line is drawn between two points and then the vertical distance is divided by key Fibonacci ratios; 23.60%, 38.25%, 50.00%, 61.80% and 100.00%. This tool can also be used as a projection method.

Moving Average Convergence Divergence (MACD)

A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A nine-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals on the crossover of the two lines. The histogram highlights the narrowing and widening of the two averages acting as an indicator for slowing or increasing momentum in the market. I.E a flattening or decreasing histogram in an upward market would suggest that the upward move could soon stall.

Award winning broker

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