

FIS Technical - Brent October

Technical Analyst

Edward Hutton

44 20 7090 1120

Edwardh@freightinvestor.com

Comment:

Brent futures are in a consolidation period in the form of an ascending triangle. Technically a bullish trend, this would increase the probability of a breakout to the upside in the direction of the trend.

A close above USD 52.74 would suggest upside consolidation. A close below USD 51.81 should have market longs looking to tighten risk.

For those that follow Elliot wave, this would appear to be the beginning of wave 5 of wave 3. We conclude this as the current middle wave is the shortest, and in Elliot terms this is not possible, suggesting it is a wave within a wave.

Brent October Futures



Resistance – 52.74, 52.92, 54.67

Support- 51.81, 51.78, 50.19

Stochastic Daily 88.

Stochastic weekly 65.

Trend – Bullish

Brent futures continue in a bull trend making higher highs and higher lows. We have now entered into a period of consolidation in the form of a symmetrical triangle. Technically this is a neutral pattern and needs confirmation of a breakout (in either direction) before entering the market.

Consolidation patterns generally have a higher probability of breaking out in the direction of the trend (in this case to the upside) however again confirmation of a breakout first is needed.

Price action is now above the medium and longer term moving averages. Again a bullish signal.

A close above USD 52.74 would suggest upside continuation. Likewise, a close below USD 51.81 would have bearish implications and market longs should look to tighten risk.

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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For More information on this report please contact:

Edward Hutton

Tel: +44(0)20 7090 1121

E-mail Edwardh@freightinvestor.com