

## FIS Technical - Brent December Futures

Technical Analyst

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### Comment:

The technical remains bullish above USD 55.06, but pricing is currently coming under pressure on the 4 hour intraday chart.

A close on the 4 hour chart would suggest buying pressure is increasing, and market sellers should hold of entering the market as from a technical perspective this would suggest upside continuation.

## Brent December Futures



Resistance – 57.14, 58.65, 59.49

Support- 55.06, 54.54, 53.04

Stochastic Daily 34

Stochastic weekly 75

Trend – Bullish

The Brent futures closed below the USD 55.77 level last week, but failed to close below USD 55.38, and this has left the technical in a holding formation.

A close below the technical support at USD 55.06 would suggest the trend is wakening, and we could see potentially lower pricing if this happens. This is now a key area of support suggesting that even an intraday break below this level could weaken the technical.

A close above USD 57.09 on the 4 hour chart should attract technical buying interest in the near term, as it would create a higher high and higher low on the intraday chart. However, the near term intraday technical will look vulnerable on a close below USD 56.53.

The technical on the daily remains bullish, a 4 hour close above USD 57.09 would support higher prices. Market buyers should hold off as current intraday selling pressure could have more downside. If USD 55.06 is broken then we could see further selling pressure.

## 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.

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