

FIS Technical - Brent April Futures

Technical Analyst

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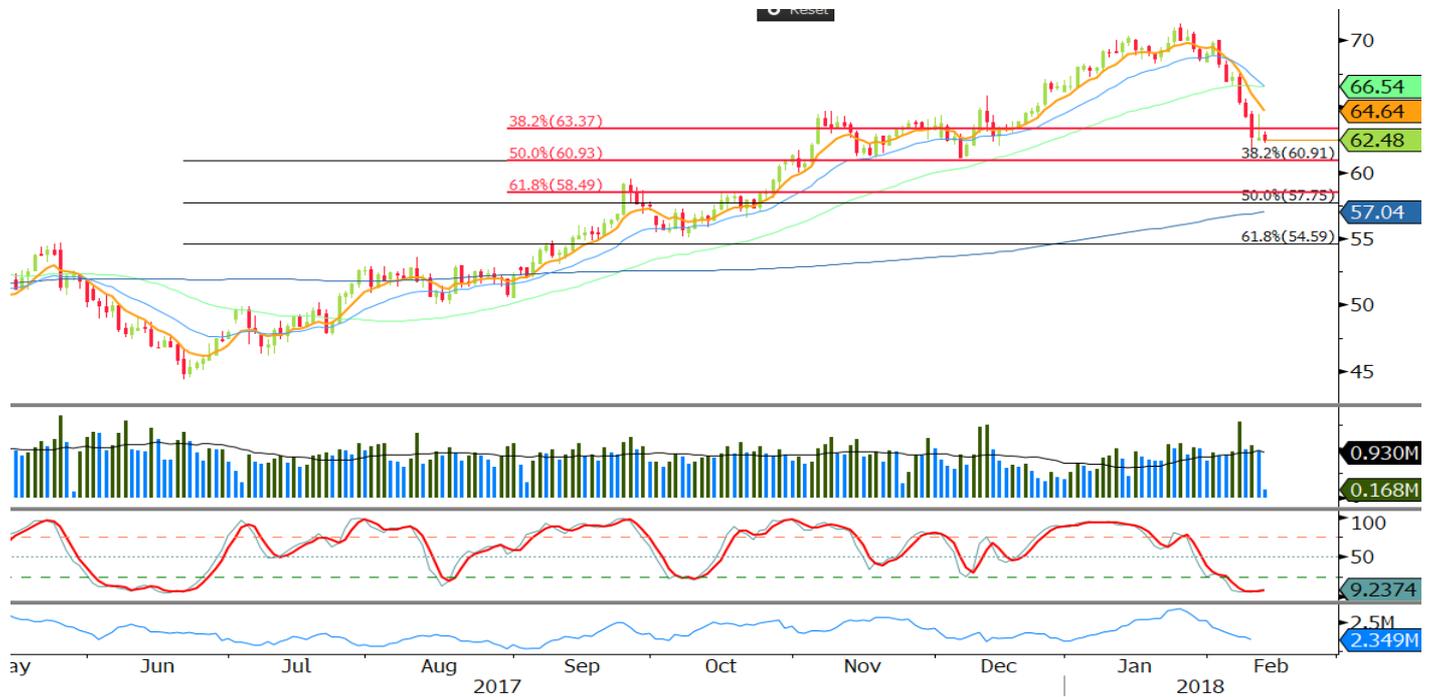
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Comment:

The Brent futures remain corrective at this point, though the intraday technical is starting to look overextended. New lows on this current down move are likely to be the completion of an intraday wave 3 from an Elliot perspective. This would suggest that the current bear phase has more downside after a technical bounce.

Ultimately price action needs to be bullish on the daily chart and at this point we remain below the 8 and 21 period EMA's with the 21 period EMA at USD 66.54. This would suggest a substantial upside move would be needed for the daily technical to start to look bullish at this point.

Brent April Futures



Resistance – 64.40, 67.72, 70.02

Support- 60.91, 58.49, 57.75

The Brent futures remain in a corrective phase having recently made a new low at USD 61.77. As highlighted last week from an Elliott wave perspective, this looks to be a corrective phase within a longer-term bull trend on the daily chart.

Near term technical support can be found at the recent low at USD 61.77, the inverted hammer candlestick that formed yesterday would also suggest market buyers are gaining in confidence, implying downside moves from here could be finding buying support in the near term if a new low is made.

Intraday technical resistance is at USD 64.40. upside moves that fail to trade above this level would suggest another intraday wave down. Above this level the technical picture would be considered as gaining bullish momentum.

Downside moves that trade below USD 61.77 would be classed as bearish. However, this would also be a 5th wave down on the intraday chart, making it a higher risk entry point based on Elliott wave theory. The intraday momentum indicators would suggest that the 5th wave down looks to be part of a longer-term wave 3, indicating that although the near term technical is looking overextended, we may have lower to go after an intraday upward move, before finding a genuine base.

Technically the daily price action remains below the 8 and 21 period EMA's with the 8 Period being below the 21. From a daily perspective this is bearish, and for this corrective phase to be over, price action needs to be above these levels on the daily chart with the 8 periods above the 21 period EMA, as the intraday high lows cannot be considered as powerful as the daily 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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