

Commodity

Commodity Weekly

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Weekly Report

Brent

Brent Futures – Expiry date: January 2022



Source: Refinitiv

The correction seen in the past week has reached the expected target at the 72 mark, from where new upward initiatives have started. The continuation of the upward phase would lead to the commodity meeting the subsequent targets in the 79/80 area, where a new phase of weakness could start. In contrast, the activation of the first short-term bearish signs would take form in case of a loss of the 69 support level: in this context, the trades could fall to 66.50, where a new phase of strength could take form, while only the breach of the 64.50 support level would determine the stable resumption of the downward phase, a circumstance that would extend the downside to 62.50 before and to the key medium-term support at 60.50 subsequently.

The intermediate correction recorded in the past week reached the expected target. In the short term, the view is favourable regarding the continuation of the uptrend

Technical Levels

Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
82.52	86.03	88.91	76.36	69.15	63.74	60.05

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Decision support system

Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R
Medium	BUY	UP	LONG	88.86	66.73	1.30
Short	HOLD	UP	LONG	77.23	71.39	0.18

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Report priced at market close on day prior to issue (except where otherwise indicated)

Expected range for the current week: 74.05 – 78.83

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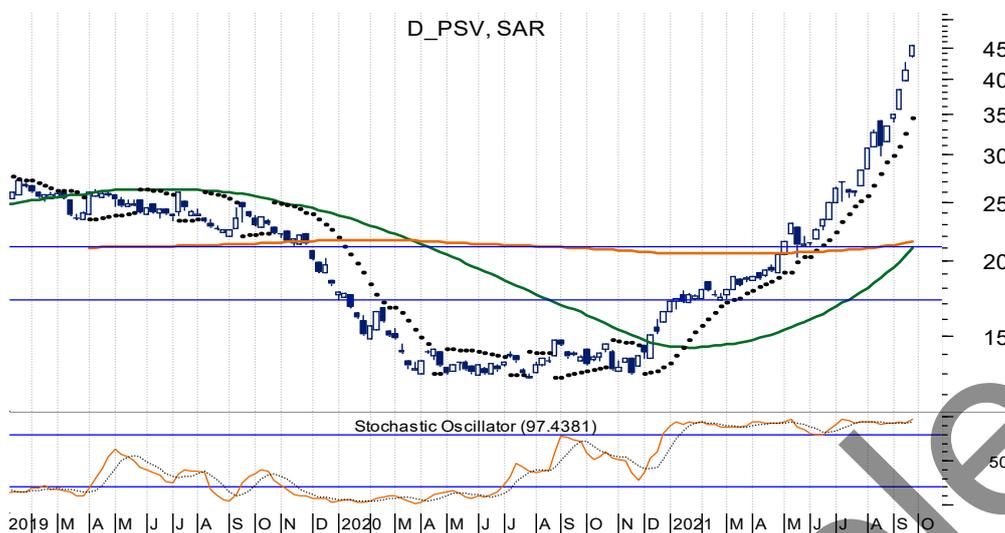
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Italy PSV Natural Gas

Italy PSV Natural Gas Futures – Expiry date: 2022



Source: Refinitiv

The continuation of the bullish movement recorded in the past week confirms the short-term structure, which is still upwards. On a short-term view, the doors look to be open to the development of the intermediate profit-taking phase to 41.00/40.80, where the bullish initiatives could restart. In detail, the continuation of the uptrend would reach subsequent targets in the 48.00/48.50 area, where a new phase of weakness could start. Conversely, the activation of the first bearish signs would materialise with the loss of the 33.30 support level, a circumstance that would extend the descent to 31.40/31.30 before, with possible extensions to 30/29.80 subsequently, where the upward dynamic could resume.

The continuation of the bullish movement confirms the short-term structure, which is still upwards. After a potential intermediate correction, we expect to see new upsides

Technical levels

Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
45.55	46.54	48.93	45.4625	43.3125	39.8875	38.3125

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Decision support system

Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R
Medium	HOLD	UP	LONG	45.55	35.51	0.01
Short	HOLD	UP	LONG	47.08	40.64	0.34

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Expected range for the current week: 44.38 – 46.54

Focus Weekly: Henry Hub Natural Gas

Henry Hub Natural Gas Futures – Expiry date: December 2021



The sharp upward acceleration recorded in the last month, even though showing signs of stress, cannot be considered exhausted at present. On a short-term view, we expect to see the continuation of the intermediate correction towards 4.74/4.70, where the upward dynamic could then resume. In particular, the subsequent targets in this direction are searchable in the 5.98/6.02 area, we expect to see a new weakness phase. In contrast, the activation of short-term bearish signs is subordinated to the loss of 4.28: in this context, the trades could slide to the 3.95/3.90 area, with possible extensions to 3.65/3.60, where we expect to see a progressive resumption of the upward phase.

The upward movement seen in the last month does not seem to be exhausted. In the short term, after an intermediate correction, new upsides are awaited

Technical levels

Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
5.79	5.99	6.27	5.32	4.88	4.70	4.37

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Decision support system

Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R
Medium	BUY	UP	LONG	6.29	4.29	0.94
Short	BUY	UP	LONG	5.99	4.91	1.63

Source: Intesa Sanpaolo Research elaborations on Bloomberg data

Expected range for the current week: 5.10 – 5.57

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This document contains prices, key technical levels and comments on the Brent Future, the Italy PSV Natural Gas and a third commodity selected from the 'Commodity Future Basket' report, which includes the futures contracts on commodities traded on the main international markets (ICE, CME, CMX, NYMEX, LME). The time series were obtained from generic futures (source: Bloomberg).

This report is published on a weekly basis. Research qualified as a minor non-monetary benefit pursuant to provisions of Delegated Directive (EUR) 2017/593 is freely available on the IMI Corporate & Investment Banking Division web site (www.imi.intesasanpaolo.com); all other research is available by contacting your sales representative.

Methodology

This document has been prepared on the basis of technical analysis. Technical analysis is the study of market variables, such as price, pattern, frequencies, graphical configurations, volumes, movement dynamics, temporality and cyclical trends, volatility, and market psychology. The aim of the analysis is to correctly evaluate the investment risk and probable future trend of the security being analysed. The analysis is based on historical series, requiring the maintenance of a database of each security. The analysis in this report is based on professional experience in the application of technical analysis. The information and signals are generated based on data obtained from sources deemed reliable and truthful. Past performance is not a guarantee of future results.

Trend:

The trend is the direction of the security analysed on the basis of historical data, which can be UP (bullish), DOWN (bearish) or SIDEWAYS (neutral). Past performance is not a guarantee of the future performance of the security analysed.

Support (SUP1 – SUP2 – SUP3):

The support level is the level where prices tend to find support going downwards. A breach of the support level shown in the table (first Support) can lead to further selling pressure and a test of the next level (second Support). Support levels can be static (i.e. the level does not change over time) or dynamic (i.e. the level changes over time).

Resistance (RES1 – RES2 – RES3):

The resistance level is the level where prices tend to find resistance going upwards. A breach of the resistance level shown in the table (first Resistance) can lead to further price rises and a test of the next level (second Resistance). Resistance levels can be static (i.e. the level does not change with time) or dynamic (i.e. the level changes over time).

Position (D.S.S.: decision support system – an automatic and objective trading system based on proprietary algorithms):

Trades can be LONG (bullish), SHORT (bearish) or FLAT (neutral/out of the market).

Stop:

The stop is a defined price level, calculated on the basis of objective mathematical models, the breach of which triggers the automatic closing of the position on a daily basis. The Stop is a key tool in the management of risk in financial investments.

Target:

The target is a defined price level, calculated on the basis of objective mathematical models. The Target can be modified once reached (or when market conditions change) to higher or lower price targets depending on the type of trade (LONG or SHORT) according to the dynamics of the security analysed.

R/R (Risk/Reward Ratio):

R/R defines the relationship between the potential gain and the potential loss of the trade with respect to the last observed price. In general, a preferable risk/reward ratio is above one, as there is a higher potential for profit versus the risk of incurring a loss.

Expected range for the week

The maximum and minimum values expected for the week.

Chart:

In addition to the data in table format, the report includes graphs of the securities analysed on a daily basis with three moving averages (short, medium and long term) calculated on the closing prices. The Stochastic Oscillator (with a moving average calculated on it) is also used to identify the momentum of the security.

Time horizon:

The time horizon of the technical analysis can be divided into:

a) Short-term period

- The range varies from three days to three weeks;
- The price movement ranges from 5-7%;

b) Medium/long period

- The range varies from the next three weeks to two years;
- The price movement ranges from 8-10% and above.

Operational signals

The signals BUY (new buy signal), SELL (new sell signal), LONG (maintain upwards position), SHORT (maintain downwards position) and FLAT (neutral/out of the market) are generated automatically by a system based on technical analysis' oscillators and indicators. The indication of trend, support, resistance, operating positions, stop, stress and price target are generated using algorithmic methods. The analysis is automatically updated to reflect the dynamics of the securities analysed.

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