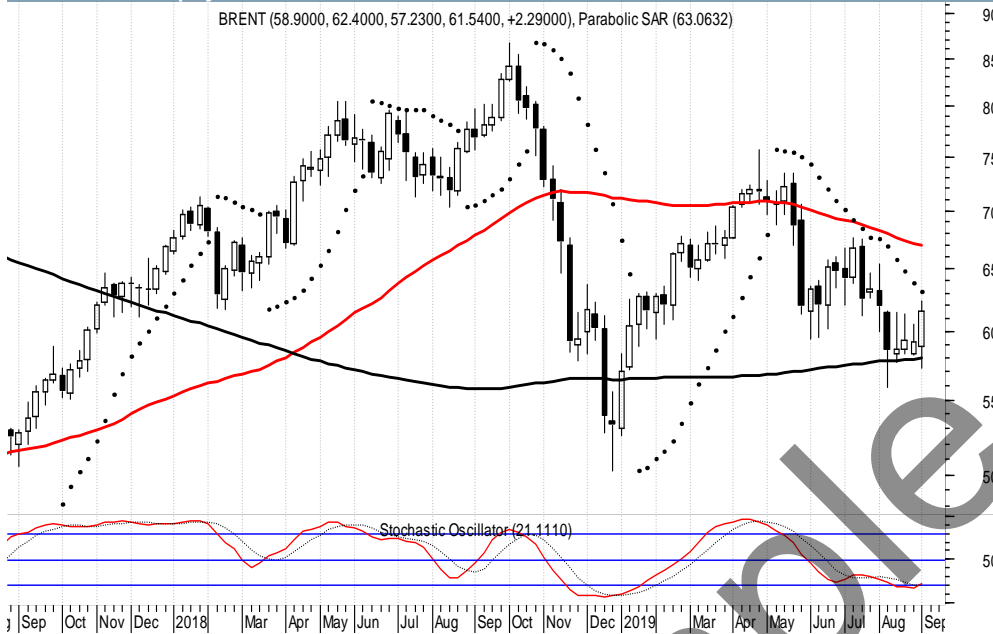


Commodity Weekly

Brent

Brent Future (Expiry date: Jan 2020)



Source: Thomson Reuters

The technical reaction seen last week has reached the expected targets proposed in the recent issue, at 60.70. As regards the short-term approach, the view is still favourable to a continuation of the rebound: therefore, in the coming sessions, the way is open to the reaching of targets in the 62.00/62.50 region, with a maximum extension to 64.50, where we expect a new weakness phase. On the other hand, only the loss of the 56 support level would result in an immediate continuation of the downward trend, towards the 52.30/52.00 area target, with possible extensions towards the key medium-term support area in the 50.50/50 area, where we expect a reaction.

Technical levels

Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
60.82	63.62	64.94	61.54	56.00	50.48	48.26

Source: Intesa Sanpaolo Research elaborations on Thomson Reuters data

Decision support system

Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R
Medium	HOLD	UP	SHORT	52.00	67.00	1.75
Short	HOLD	SIDEWAYS	SHORT	52.30	61.33	40

Source: Intesa Sanpaolo Research elaborations on Thomson Reuters data

Expected range for the current week: 57.95 – 62.80

See page 4 for full disclosures and analyst certification

-9 September 2019: 12:01 CET

Date and time of production

Weekly Report

**Intesa Sanpaolo
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Technical Analysis

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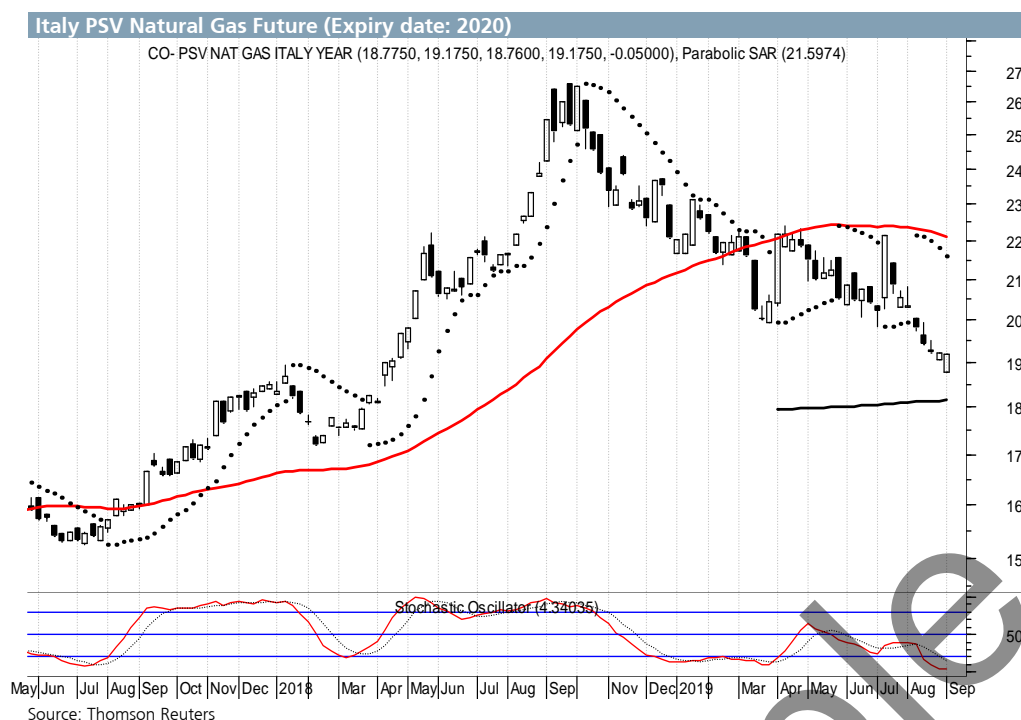
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Italy PSV Natural Gas



The rebound seen last week, while not showing signs of exhaustion, leaves the bearish structure unchanged. The subsequent target of the technical reaction is confirmed at 19.85/19.90, where a new weakness could start. In detail, an immediate continuation of the downside is subordinated to the breach of the 18.75 support level, towards the 18.55/18.50 area, with a maximum extension to the 17.50/17.40 area, where new purchasing initiatives could materialise. Conversely, the first signs of strength would take form with a re-positioning past 20.80: in this context the trades could return to the 21.35/21.40 area, with possible extensions up to 22.10/22.15, where a new weakness phase could then take shape.

Technical levels						
Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
19.50	19.90	20.81	19.175	18.67	18.12	17.19

Source: Intesa Sanpaolo Research elaborations on Thomson Reuters data

Decision support system						
Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R
Medium	HOLD	UP	SHORT	17.90	21.54	0.54
Short	HOLD	DOWN	SHORT	18.74	19.39	2.02

Source: Intesa Sanpaolo Research elaborations on Thomson Reuters data

Expected range for the current week: 18.97 – 19.38

Focus Weekly: Aluminium



Although the baseline structure is confirmed as bearish, the sideways movement started in August leaves the way open to a technical reaction in the coming weeks. In particular, the reconquest of 1800 would push the trades to the 1825/1830 area, with possible extensions to 1860/1865, where we expect a new weakness phase. This last level could be a trigger for the activation of the first bullish signs in the coming months. Only a repositioning past this level would extend the upside to the 1920/1925 area. By contrast, an immediate resumption of the downtrend is subordinated to the loss of the 1735 support level, towards 1710/1705 before and subsequently to 1690/1685.

Technical levels						
Res1	Res2	Res3	Close	Sup1	Sup2	Sup3
1798	1830	1865	1788.50	1736	1678	1611

Source: processed by Intesa Sanpaolo Research on Thomson Reuters data

Decision support system							
Time Horizon	Operational signal	Trend	Position	Target	Stop	R/R	
Medium	SELL	DOWN	SHORT	1710	1865	1.01	
Short	BUY	DOWN	LONG	1822	1745	0.79	

Source: processed by Intesa Sanpaolo Research on Thomson Reuters data

Expected range for the current week: 1762 – 1815

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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 weekly.

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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

Charts:

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

- Ranging from the next three sessions to three weeks;
- A variation range of 5-7%;

b) Medium/long period

- Ranging from the next three weeks up to two years;
- A variation range of 8-10% or 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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