

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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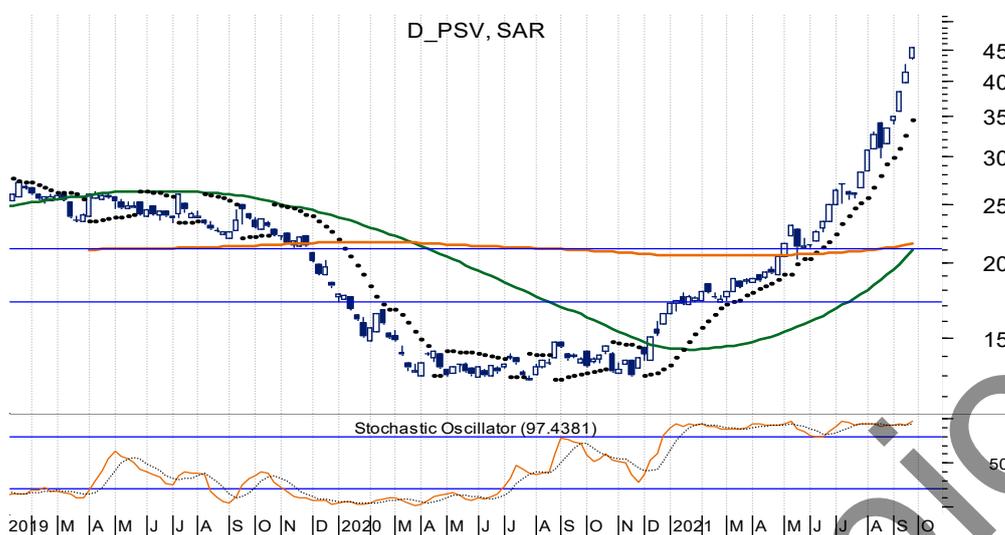
Corrado Binda - Technical Analyst  
+39 02 7265 0983  
corrado.binda@intesaspaolo.com

Sergio Mingolla - Technical Analyst  
+39 02 7265 0538  
antonio.mingolla@intesaspaolo.com

Global Market Commodity Sales  
+39 02 7261 2062

## 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).

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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.

#### 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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## Intesa Sanpaolo Research Dept.

**Gregorio De Felice - Head of Research** +39 02 8796 2012 gregorio.defelice@intesasnpaolo.com

**Equity&Credit Research**

**Giampaolo Trasi** +39 02 7235 1807 giampaolo.trasi@intesasnpaolo.com

**Technical Analysis**

Corrado Binda +39 02 8021 5763 corrado.binda@intesasnpaolo.com  
Sergio Mingolla +39 02 8021 5483 antonio.mingolla@intesasnpaolo.com

**Equity Research**

**Monica Bosio** +39 02 7235 1801 monica.bosio@intesasnpaolo.com  
Luca Bacoccoli +39 02 7235 1810 luca.bacoccoli@intesasnpaolo.com  
Davide Candela +39 02 7235 1817 davide.candela@intesasnpaolo.com  
Oriana Cardani +39 02 7235 1819 oriana.cardani@intesasnpaolo.com  
Antonella Frongillo +39 02 72351799 antonella.frongillo@intesasnpaolo.com  
Manuela Meroni +39 02 7235 1798 manuela.meroni@intesasnpaolo.com  
Elena Perini +39 02 7235 1811 elena.perini@intesasnpaolo.com  
Bruno Permutti +39 02 7235 1805 bruno.permutti@intesasnpaolo.com  
Roberto Ranieri +39 02 7235 1812 roberto.ranieri@intesasnpaolo.com

**Credit Research**

**Maria Grazia Antola** +39 02 7235 1809 maria.antola@intesasnpaolo.com  
Alessandro Chiodini +39 02 7235 1808 alessandro.chiodini@intesasnpaolo.com  
Dario Fasani +39 02 72351820 dario.fasani@intesasnpaolo.com  
Melanie Gavin +39 02 7235 1804 melanie.gavin@intesasnpaolo.com  
Maria Gabriella Tronconi +39 02 7235 1814 maria.tronconi@intesasnpaolo.com  
Barbara Pizzarelli (Research Support) +39 02 7235 1803 barbara.pizzarelli@intesasnpaolo.com

**Corporate Broking Research**

**Alberto Francese** +39 02 7235 1800 alberto.francese@intesasnpaolo.com  
Gabriele Berfi +39 02 7235 1806 gabriele.berfi@intesasnpaolo.com  
Marco Cristofori +39 02 7235 1818 marco.cristofori@intesasnpaolo.com  
Youness Nour El Alaoui +39 02 7235 1815 youness.alaoui@intesasnpaolo.com  
Arianna Terazzi +39 02 7235 1816 arianna.terazzi@intesasnpaolo.com

**Clearing & Data Processing**

**Anna Whatley** +39 02 7235 1813 anna.whatley@intesasnpaolo.com  
Stefano Breviglieri +39 02 7265 4635 stefano.breviglieri@intesasnpaolo.com  
Annita Ricci +39 02 7235 1797 annita.ricci@intesasnpaolo.com  
Wendy Rüggeri +39 02 7235 1802 wendy.ruggeri@intesasnpaolo.com  
Elisabetta Bugliesi (IT support) +39 02 7235 1796 elisabetta.bugliesi@intesasnpaolo.com

## Intesa Sanpaolo – IMI Corporate &amp; Investment Banking Division

**Stefano Rivellini - Head of Corporate Solutions** +39 02 7261 5762 stefano.rivellini@intesasnpaolo.com

**CIB Commodity Solutions - Milan**

**Emmanuel Conte** +39 02 7261 5438 emmanuel.conte@intesasnpaolo.com  
Daniele Bucovaz +39 02 7261 2747 daniele.bucovaz@intesasnpaolo.com  
Vincenzo Casesa +39 02 7261 5417 vincenzo.casesa@intesasnpaolo.com  
Giuseppe Mascolo +02 02 7261 5912 giuseppe.mascolo@intesasnpaolo.com  
Francesca Zingales Botta francesca.zingalesbotta@intesasnpaolo.com