



Eni has been indeed a dog..a rabbit in the future?



Figure 1: ENI (bloomberg ticker: ENI IM) monthly chart

The above is the monthly chart of one of the Italian Oil company ENI SpA which lately is in the spot light since the Italian Government is considering selling a 10% stake it has in it.

If you ever saw the ENI logo is a dog with 6 feet and it seems that the stock reflected the image of the logo in the last 4 years, going basically nowhere apart from huge drop in 2009 and 2011.

The static levels I draw with the purple lines can help in spotting which price targets represents magnets for the stock should it violate a support or a resistance. The one colored in blue are static levels as well, but less important ones. As in fact looking at hundreds of charts, especially on higher timeframes, it is easy to come to the conclusion that some levels are more important than others

Last month's candle is an expansion one so it calls for a continuation of the trend set by that candle, which is bullish.

This month's candle is still an inside so far, so no clear direction yet but very likely the violation will be on the upper side. Top of last week's candle represents also the static resistance at 19 euros (precise max of last week's candle is 18.87 euros, so you would allow a bit of rounding here) which if violated followed by a confirmation of such violation will have consequences.

Such resistance has been already violated in January 2013 but in that case resulted in a bullish trap, that is why I will look for a confirmation of such violation before cheering up.

Confirmation will mean higher volume and increase velocity of the stock on shorter timeframes, typically the daily. Of course on the monthly will be optimal too, but we would need to wait few weeks before having such confirmation.

If then the violation happen followed by a confirmation, then the next likely target for this bullish trend will be the next (weak) resistance at 21 euros.

Looking at the colours of the levels, the channel made by purple lines that is today important is the one where the stock is right now within (vertical orange line), meaning the 14.42 euros and 18.87 euros, therefore a violation of such channel will bring a target equal to the width (4.40 euros) of the current channel pasted on top of the violated resistance, which equal to 23.27 euros: just above the weakest resistance at 22.50 euros.

WHAT IF:

The stock instead of moving higher, just continues to go south as the current candle of the month right now is suggesting? Well an exit of the stock is mandatory below the last three candles' low set at 16.63 euros because being a weak support, it will be very likely that it will go to the next weak support set at 15.98 euros. Graphically breaking the 16.63 low will mean to wipe the October green expansion candle out cancelling the signal it gave.

Breaking such low will at first and best meaning a continuation of the sideways movement, or in a worst case scenario going to see the second most important support set at 14.37 euros.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

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