

## Point And Figure Analysis 15.02.2008

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Is the pullback over in crude oil ?

Crude oil futures are tending higher because we saw a break of the the red bearish resistance line with a following valid buy signal. To be sure that we are not going long in a bearish scenario we have to wait first to see the price pass through. After that we saw a valid buy signal at 95 \$ exactly at the lever where we had previously the triple bottom sell signal. Due to the statistically high percentage of success of the triple bottom sell signal the recovery over 95 \$ is a very good sign. Normally former support turns into resistance when it,s been broken, and as we can see in the chart the last pullback of the red O column respected the red bearish resistance line as support at 92 \$ before it made a buy signal at 95 \$. Seasonal tendency after mid march in up because of the increasing demand of producers to ramp up their production.

The seasonal tendency was maybe the reason for the last pullback @ 100 \$ because lower demand from the producers is not a good environment for higher prices. My price target on crude oil from the first vertical count at the last bottom @ 86.50 \$ in the point and figure charts is approximately 110.50 \$ for a barrel. I be very confident that we will see these prices in a few months, but we have to deal also with some risk because maybe now its to early seasonally speaking. But when we look at the subprime crisis maybe there is still some more to come that we do not know. And to what level will the fed lower their rates we are going to cero ? Will we see helicopters in the streets throwing dolar notes to the people and banks in need ? Gold prepares for a mayor move because volatility is going down the last week and the bollinger bands are narrowing. My bet on gold will be on the long side of the market because the weekly chart of gold is still looking bullish.

As we can see the daily close only point and figure chart shows a buy signal @ 92.50 \$ and the pullback of the last O column respected the steeper second bullish support line @ 87.50 as a support. Often the daily close chart is even more accurate in price forecasts but not so fast like the daily high/low point and figure chart. A good strategy in my view would a bull call spread to lower risk, but when the market gets very bullish you can make a combination trade because delta is not that fast in the long option like in the future.

Point and Figure Chart Crude Oil High/Low Daily Boxsize 0.5 \$

Point and Figure Chart Crude Oil High/Low Daily Boxsize 0.5 \$

Point and Figure Chart Crude Oil Close Daily Boxsize 0.5 \$

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