

## Oil prices in short term

5 May 2009 Dr Thomas Chaize

The area of \$ 48 was used as a support for two reasons. I have explained it in my previous technical analysis to short-term price of oil barrel in April (support to \$ 48 and a 50 days moving average).

Today, a barrel of crude oil is below a major resistance at \$ 55 and above a very solid, it 50 days moving average. The passage of the \$ 55 resistance opens the door for \$ 65 or even \$ 75 and the rupture in the 50 moving average **would be a negative signal**.

### Why \$ 75?

It can be seen in the current trough, or a 'shoulder head shoulder "(ETE) reversed, or a figure shaped cup with handle. These two figures of technical analysis give a target of \$ 75 if the resistance of \$ 55 is crossed. Resistance would then neck line of these 2 figures.



Calculations :

\$ 35 (the trough) minus \$ 55 (the neck) = 20 dollars.

55 dollars add to 20 dollars gives us a target to \$ 75.



### The 50 days moving average.

The most positive signs for the oil crossing its 50 days moving average in late February 2009. This indicates a change in trend in the price of oil barrel of. If you do need to monitor a single point that is this one. When the barrel price is above its moving average 50 days, we are in an uptrend. When it goes below it is a downward trend. The previous round of increases began in February 2007 with the passage of the moving average at \$ 50. It ended in July 2008 with the crossing of this same moving average.

The two figures are imperfect. We are in a hollow area. Barrel of oil rose above its 50 days moving average. We face many bullish signals regarding the price of oil barrel. A break of this increase in the short term is possible. However as the price of a barrel of oil remains above its 50 days moving average the **trend is upward**.

The next signal to watch is the intersection of the 50 days moving average (blue curve) and the 200 days moving average (red curve). This will form a figure known as technical analysis: a **golden cross**. The last was held in May 2007, two months after that oil prices had increased above its 50 days moving average...

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