

## OIL WTIC: ONLY LIMITED UPSIDE ABOVE US\$100/BARREL

...article by Bruno Estier Strategic Technicals - <http://bruno.estier.net/> - [bruno.estier@bluewin.ch](mailto:bruno.estier@bluewin.ch)

With a war in Europe, the oil price has spiked up to US\$100 and appears to be targeting the next resistance area of 112-114 along with a strong momentum shown by the rising monthly MACD and the re-crossing up of STO. Since the second quarter of 2020, a similar rising uptrend can also be seen on the upper panel for copper and for natural gas.

However, it should be noted that copper has already paused for the past six months. And, as copper is used as a proxy for global growth, it would suggest global growth is also pausing. This may also influence the demand for oil in the coming months. Thus, for the price of oil, the resistance area of \$112-114 is expected to become very strong and the price of oil is unlikely to move beyond \$112-114 to reach the all-time high near \$150.

When analyzing the rising prices of oil since the bottom in 2020, it is likely that

the recent spike near \$100 is coming nearer the end of the uptrend. To confirm that the uptrend will end probably near \$112-114, the STO momentum indicator on the lower panel should be monitored. If it displays a bearish divergence, this will indicate the momentum is slowing and a higher high near \$114 could become the final top. In the past, namely between the decline from \$112 in 2013 to \$26 in 2016, the monthly oversold STO displayed a bullish divergence, which correctly warned of an impending bottom. Of course, in 2016 one had to wait for a low spike and monthly reversal to be sure of the trend change.

So, if we witness a higher high spike near \$114 along with a monthly bearish divergence on the monthly STO at the end of March 2022, we may well have a warning that the current uptrend for the price of oil is coming near its end.

Chart of the OIL contract (WTIC on CME) is represented on an arithmetic scale since December 2007 in monthly candles with Ichimoku cloud.

On the upper panel is displayed in green dotted line the NATURAL GAS line chart and the line chart of Copper in maroon line, both pausing after an uptrend. On lower panel, positive MACD remains in strong uptrend, while monthly STO is re-crossing up since January 2022. The momentum remains strong on the upside.

Source of data:

Stockcharts.com.

Supports line & parameters

are provided by BEST.



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