

## Oil Looks Ready For A Bounce

**eResearch Corporation** is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards provides charts to suggest that oil could make an upwards short-term move.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <http://www.valuetrend.ca/oil-looks-ready-bounce/>

You can also visit the **VALUETREND** website at the link below:  
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## Oil Looks Ready For A Bounce

By: Keith Richards (bio at end)

Traders, not investors, might be interested in the chart patterns for WTI oil right now.

The chart below shows us that crude has been range-bound since early 2016.

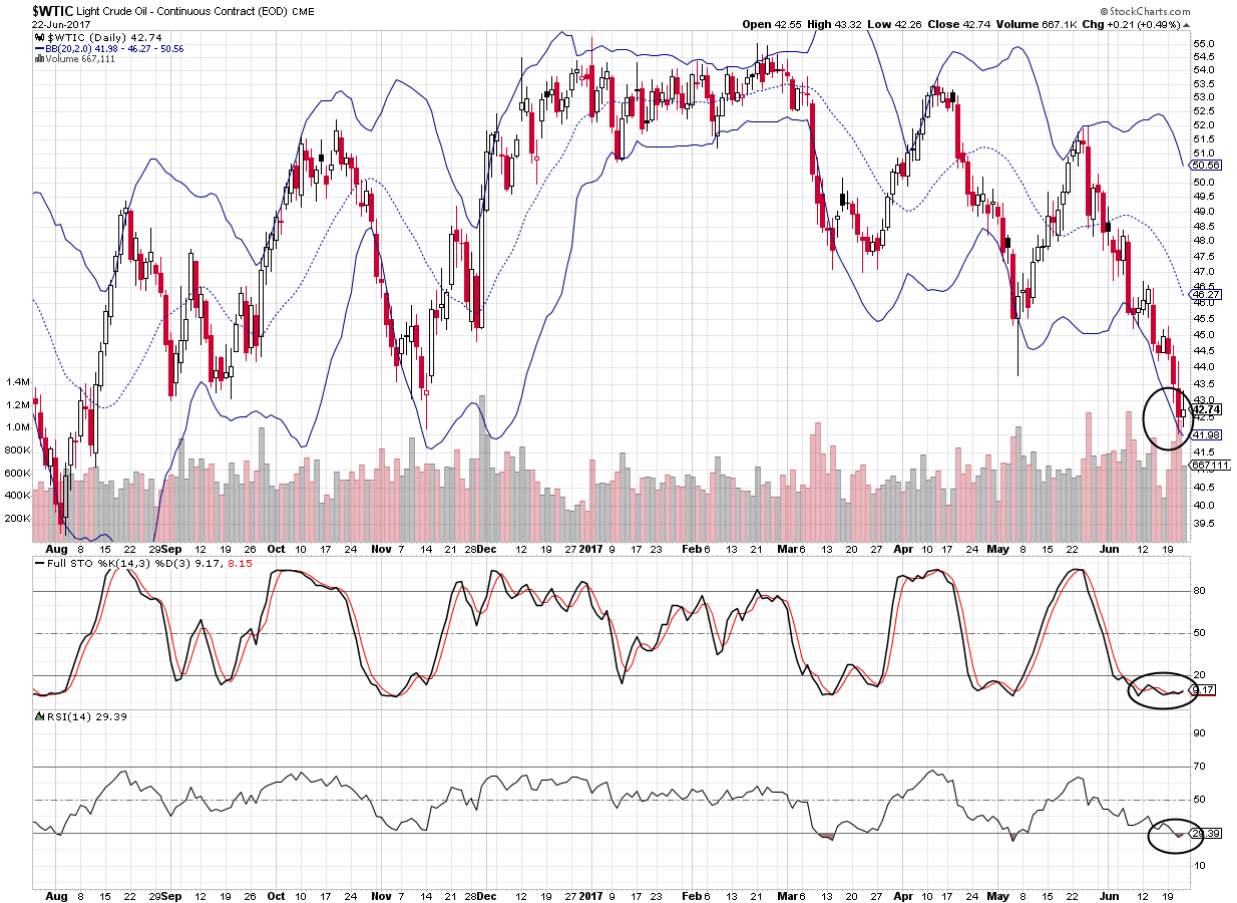
When crude hits around \$42, it has bounced off of that level and moved up to anywhere from \$47 to \$54. Not a bad trade.

Technical patterns and fundamentals (supply/demand) seem to suggest that WTI crude will be stuck in this range for a while.



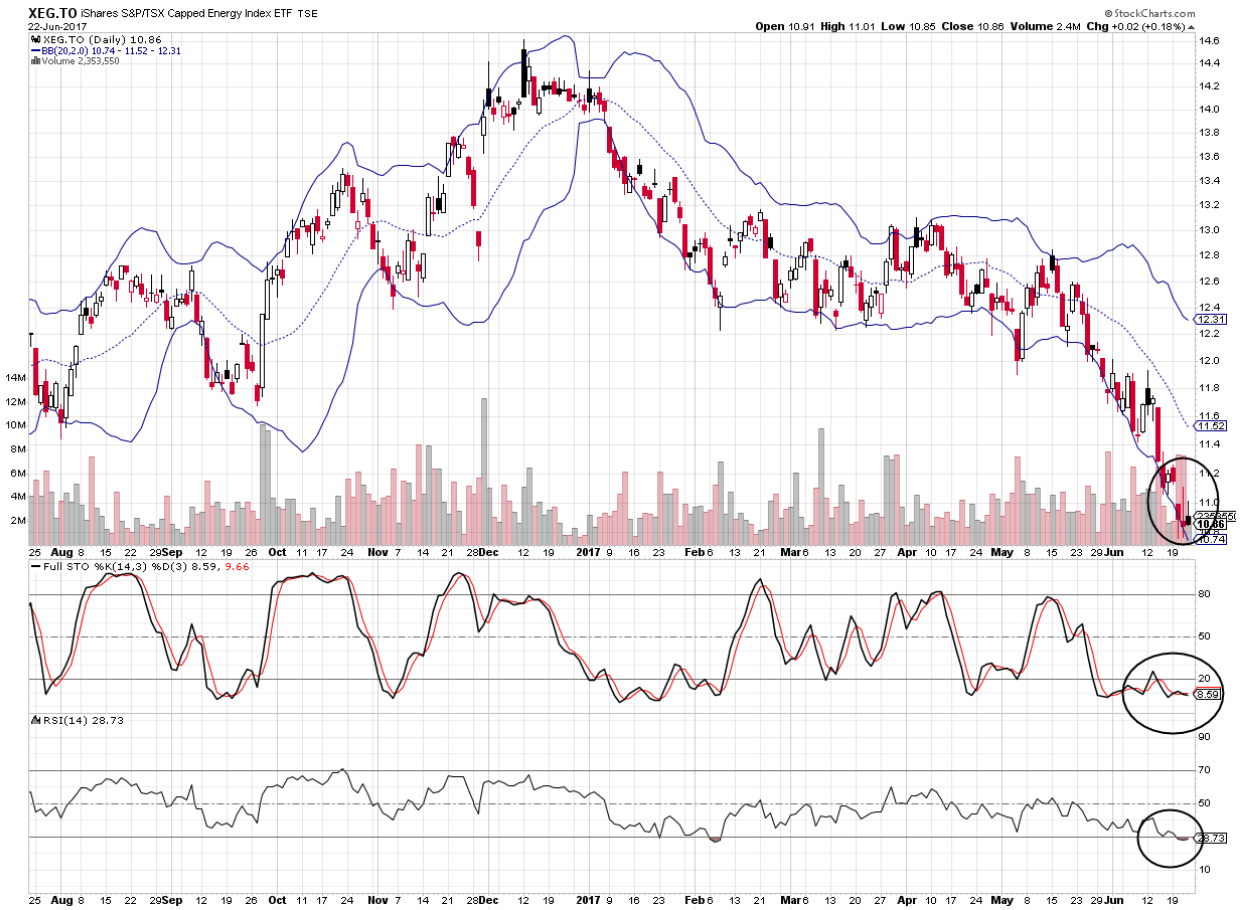
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If we look at the short-term signals in the chart below, we can see that oil is playing with the lower Bollinger band line. Further, the near-term momentum indicators RSI and Stochastics, are oversold and hooking up. These indicators provide further evidence that oil may once again bounce off of its \$42 support levels noted in the above chart.



<continued>

The oil producers, as illustrated by the iShares Capped Energy ETF below, are also very oversold. The next chart shows us similar positive indications for an oversold bounce.

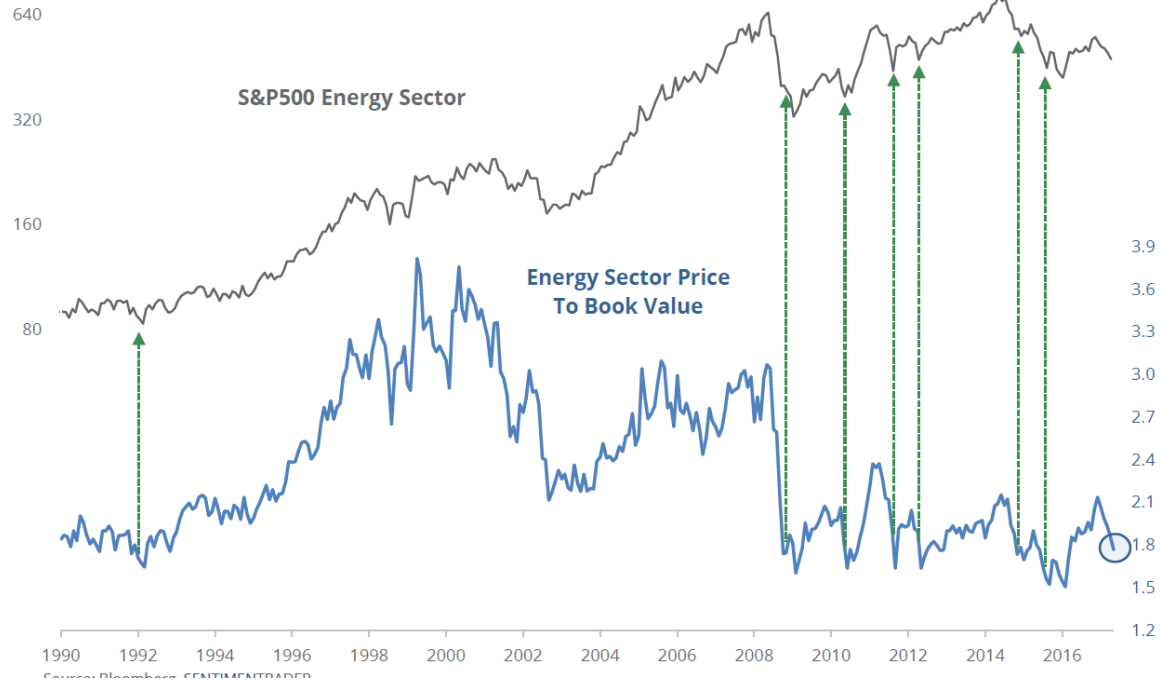


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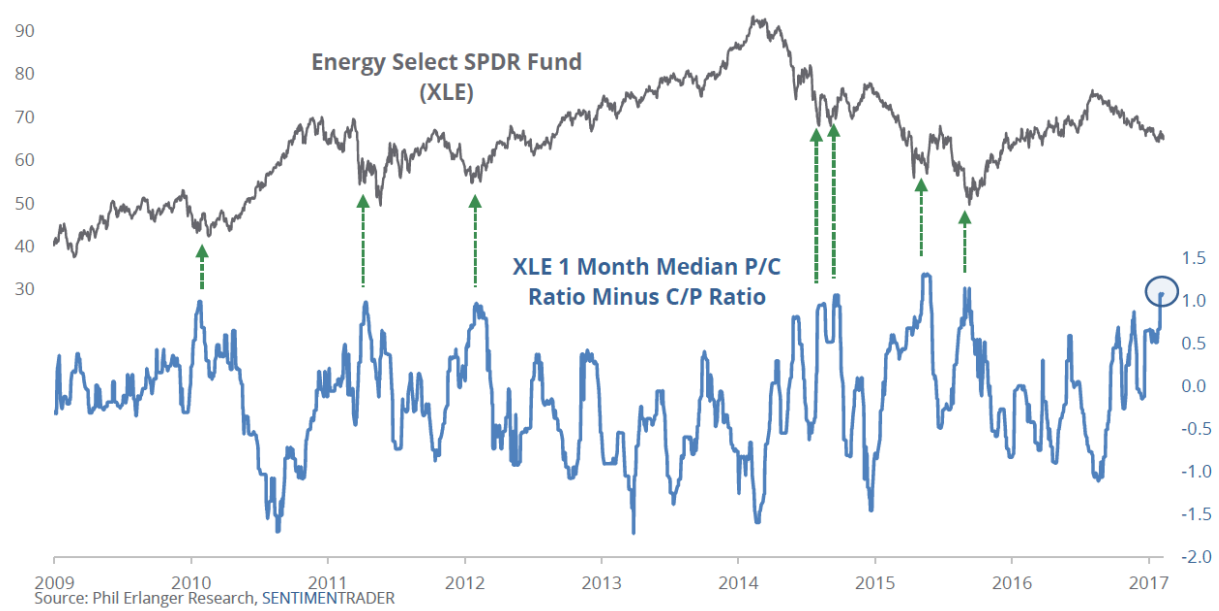
[Sentimentrader.com](http://Sentimentrader.com) notes that the put/call ratio for the energy sector is at a traditional "buy" signal level, as is the Price-to-Book level for the sector.

See the charts below.

### Energy stocks are getting closer to their book value



### Options traders are pressing their bets against Energy stocks



All in, oil looks like a good risk/reward potential for a short-term move.

The bigger picture remains range-bound, but near-term traders might want to consider a trade from current levels to \$47 or so.

Setting a stop loss at \$41 (below support) and a target of \$47 gives you about 3:1 risk-to-reward ratio from current levels.

If you don't like to trade the commodity (which can be done through commodity ETFs such as those offered by Horizons HUC-T), you can trade the producers via an ETF or an individual stock.

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See **About The Author** on the following page.

## ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **“one of [our] most accurate technical analysts.”** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page [www.valuetrend.ca/blog/](http://www.valuetrend.ca/blog/). His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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