

LE COIN TECHNIQUE

Oil should retrace during October, before it resumes its uptrend towards year-end

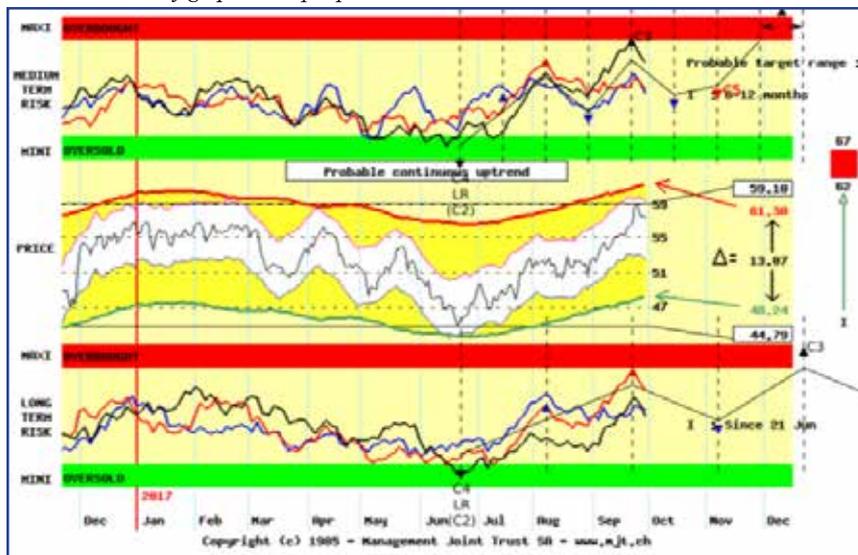
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Following their retracement down from the Spring, China and Industrial metals have been moving up since May. They have led Oil, which has followed with a lag: since late June, it has been rallying strongly. We believe it may have reached an intermediate top.



Brent Oil (Daily graph or the perspective over the next 2 to 3 months)

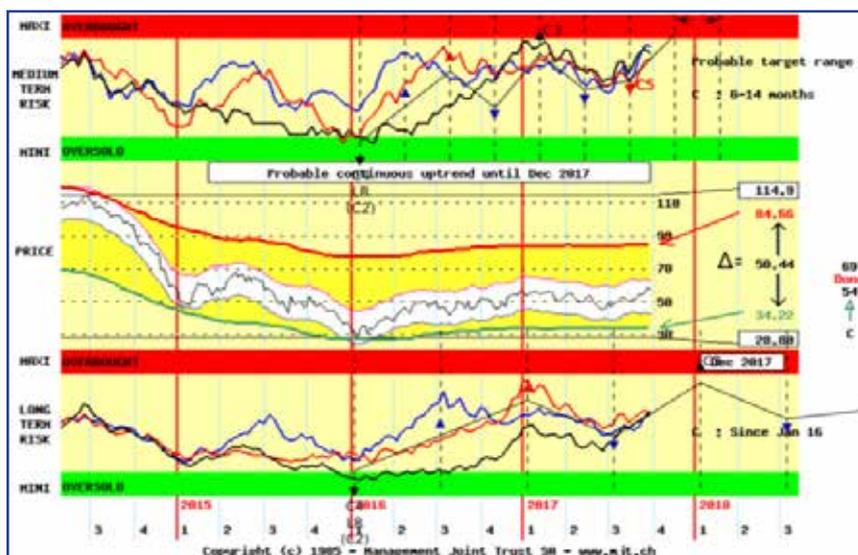
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Brent Oil, which started back up in June, may have just marked an intermediate top. On both our oscillator series (lower and upper rectangles), we would expect Brent to retrace down into late October, early November. Given our current historic volatility measure "Delta" at 13.06 USD (right-hand side; middle rectangle), Brent could retrace as much as 6 and 10 USD from its recent highs over the next few weeks (the calculation uses "Delta" and multiplies by 0.5 to 0.8 to get a corrective price target potential). Following that, from November into year-end, Brent should resume its uptrend. Its 'T' Impulsive targets to the upside are between USD 62 and 67 USD/barrel (right-hand scale; middle rectangle).

Brent Oil (Weekly graph or the perspective over the next 2 to 4 quarters)

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The longer term perspective for Oil is however still very encouraging towards year-end and early 2018. On both our oscillator series (lower and upper rectangles), we are now in "resume uptrend" situations, which should lead us up into Q1 2018. The move up since 2016 is still corrective, yet the upper end of its 'C' corrective targets already extends up to the high 60s USD/barrel (right-hand scale; middle rectangle). These targets pretty much match our Daily targets above and are the targets we are considering towards early next year.

CONCLUDING REMARKS: Following three months of rallying since June, Oil has reached an intermediate top. It should now correct between 6 and 10 USD/barrel into late October, early November (back to the lower 50s USD/barrel).

Following that, from November on, Oil should accelerate up again towards year-end and early 2018, possibly into the high 60s USD/barrel.