Flash report OIL

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"Quantitative approach for asymmetric results"

Above you can see a monthly chart of the Oil future (CL), from 2003 up to today. In this chart we can have a broader picture on how the commodity is actually behaving without the noise of price action in the smaller timeframes.

First of all it is interesting to note the different static supports (purple horiztonal lines) that Oil has from the current price (88 dollars circa), the first one being also the low of this month, 85 dollars circa.

The first static support has been a sensible level on 13 instances in the last 62 months. If Oil will break the 85 dollars threshold it will be an important message to be heard.

The second support is below at 76 dollars circa, which also has been a sensible level for many months in the last 10 years, as it can be seen from the chart. In this case, it is also the base of a triangle rectangular that it seems the price of Oil is actually drawing (orange lines).

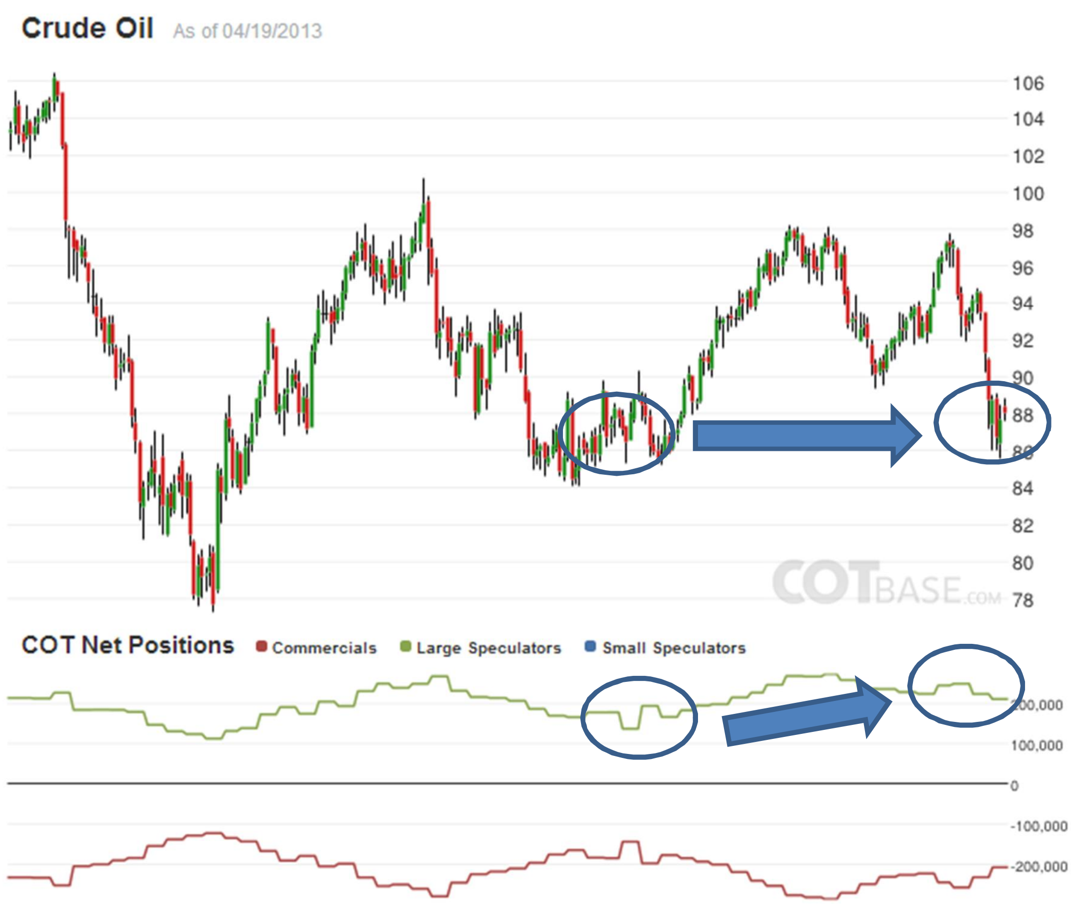
Typically when such configuration is violated either below or above, the target of such violation is the trasposition of the heigth of the triangle, meaning the dark blue line.

Interestingly such projection brings the target to exactly a double bottom at around 36 dollars or a double top at 140 dollars.

It seems that potentially we could witness an important movement of this commodity in the near future, should it break the triangle in one way or another.

Lastly, the volume is also giving us important evidence that despite prices are around a high end of a sideway movement, such relatively high prices are not supported by the majority of market participants.

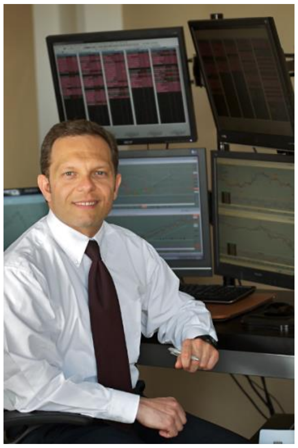
Current volume is at the 2007 level.



A better indication on where the price of Oil may move from here, is given by the Commitment of Traders (COT ï above -) which shows that despite the recent drop in price up to the same level of November 2012, Large Traders didnõt reduce their total exposure accordingly but have a higher long exposure, meaning that there are not so many ñinsidersò willing to sell their contracts at these prices (or maybe they are only waiting for a pull back in order to unload at more favorable prices).

Please bear in mind that the COT analysis is a lagging indicator, as information are released on a weekly basis and therefore the information available now is at least few days old.

Soon we will have a better indication, as this commodity, similar to the US Stock Market, is entered in a sideways (waiting) mode, will probably decide in which direction move, and it potentially it will be a decisive one.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on tradersô behavior.
Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

Useful Links:

European Central Bank:	www.ecb.int
Bank for International Settlements:	www.bis.org
International Monetary Fund:	www.imf.org
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US CFTC	www.cftc.gov