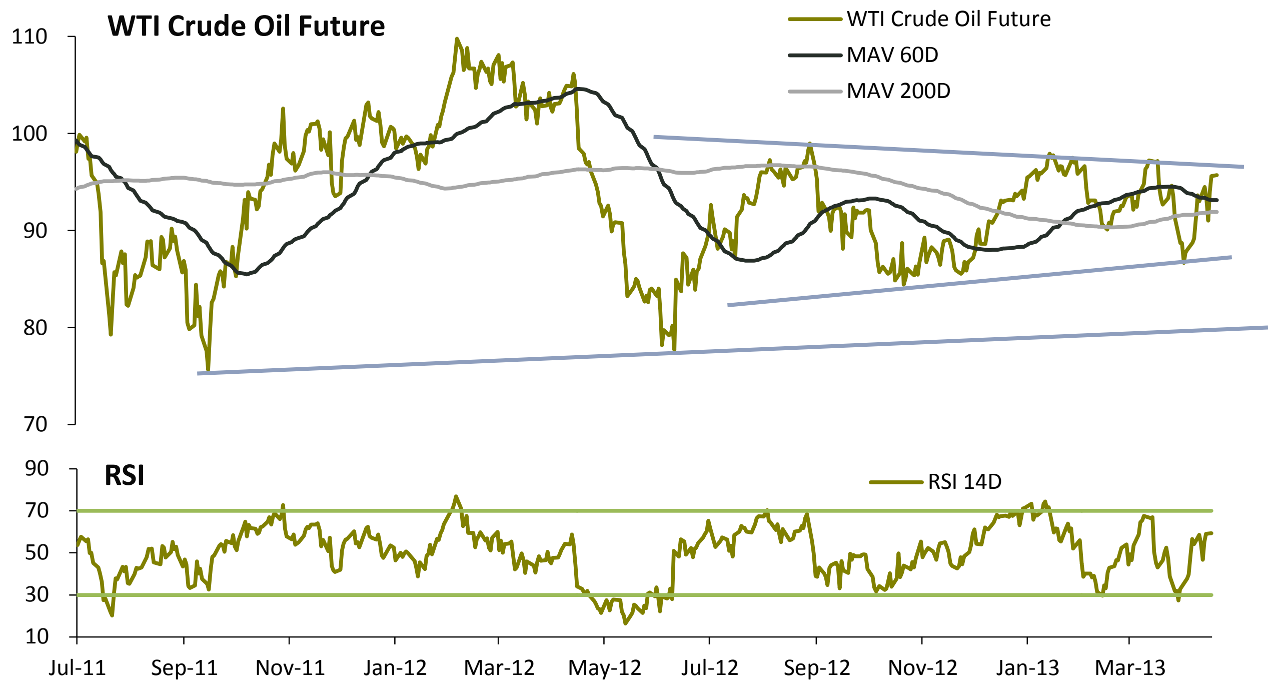
Trade Booster

07 May 2013

WTI Crude Prices Approaching Resistance

Summary

- **WTI Crude Oil futures prices have rallied over 10% from the 18 April 2013 low of $85.61/bbl but the price gains are expected to stall ahead of $97.00/bbl to $98.24/bbl. resistance.**
- **Prices are expected to drop to $86.00/bbl on a consolidative range trade.**
- **Investors who believe that WTI Crude Oil futures will fall may consider buying the Boost WTI Oil 3x Short Daily ETP (3OIS)**



Source: Bloomberg

WTI Crude Oil futures prices are expected to fall over the coming sessions as gains should struggle to push above resistance marked by the falling trendline at $97.00/bbl. and the 30 January 2013 high of $98.24/bbl. A broad triangle pattern has developed since September 2012, with a fall in prices to triangle support near $86.00/bbl. favoured if the current rally falters ahead of trendline resistance as expected.

WTI Crude Oil futures prices rallied over 10% from the 18 April 2013 low of $85.61/bbl. but this is seen as a corrective rally within a short to medium-term triangle pattern. This pattern has been forming since September 2012 and is currently defined by trendline resistance near $97.00/bbl.; with trendline support near $86.00/bbl. Long-term trendline support comes in near$80.00/bbl. below this and serves as the 'demand line' to break in order to confirm that a long-term peak has formed. Gains above $97.00/bbl. to $98.24/bbl. would put bear strategies on a back foot however, and leave $100.42/bbl. (14 September 2012 high) vulnerable for further gains to $110.55/bbl. (01 March 2012 peak) and higher. The trend of 'lower highs' since May 2011 argues for the current upticks to fade shy of resistance, and a fall back to $86.00/bbl. to follow.

Investors who believe that WTI Crude Oil futures will fall further may consider buying the Boost Crude Oil 3x Short Daily ETP (3OIS), which offers a leveraged return if the price of Crude does indeed, fall.

Three-thinking ETPs