

OIL UPTREND BREAKOUT

The NYMEX oil price developed a double bottom pattern near \$45 as the downtrend consolidation developed. The height of the double bottom is measured and this value is projected above the peak of the double bottom pattern near \$53. This pattern is also called a W trend reversal pattern.

The upside target for the double bottom rebound is near \$63. This target has not been achieved as the price has consolidated between \$58 to \$61. However this remains a bullish chart pattern because support at \$58 is consistent. The consolidation behavior is a pause in the full development of the double bottom pattern so the \$63 target remains achievable.

The rebound double bottom pattern is confirmed when the price closed above \$58 on the weekly chart. The close above \$58 also confirms this is a trend change and not a temporary rally. The development of a new uptrend in oil is confirmed because the price is able to stay above resistance near \$58. The old \$58 resistance level has become the new support level.



There are three significant resistance levels above \$58 and this will influence the nature of the developing uptrend.

NYMEX oil trades in a broad trading bands and the trend behavior is defined by these trading bands. The current support level is near \$58. The next resistance levels are near \$68, \$78 and \$88. The \$88 support level influenced the market from 2011 October until 2014 October so \$88 will act in the future as a very strong and significant resistance level. These support and resistance levels also define the limits and barriers to any future new rally and uptrend development.

On the daily NYMEX oil chart the Guppy Multiple Moving Average (GMMA) indicator shows the short term group of averages has compressed and moved above the long term group of moving averages. The long term GMMA group of averages has also compressed and turned up. The long term group of averages has continued with steady separation. This shows investors are becoming buyers.

Investors and traders watch for the future GMMA relationship to develop to fully confirm a sustainable uptrend is developing. Currently the lower edge of the long term GMMA is near \$57. When the value of the lower edge of the long term GMMA is above \$58 then the strong uptrend is fully confirmed.

The consolidation behavior near \$58 is building a good foundation for a move to the double bottom pattern target of \$63 and then a test of the long term resistance near \$68.