

Crude Oil May Climb to \$95 in Early 2010: Technical Analysis

Last Updated: August 7, 2009: 07:19 EDT

Aug. 7 (Bloomberg) -- Crude oil may reach \$95 a barrel by early next year after rising to a seven-week high this week, according to technical analysis by Auerbach Grayson.

Oil is set to reach \$83 a barrel, which corresponds with the 38.2 percent Fibonacci retracement of the range generated by the September contract's high of \$145.96 on July 14, 2008, and the low of \$44.28 touched on Feb. 18. The next target of \$95 would be a 50 percent retracement.

"The oil market is in a strong position for a further move to the upside," Richard Ross, a technical analyst at Auerbach Grayson, a brokerage in New York, said in a telephone interview. "There was a 70 percent pullback from the peak last summer to the trough. A 50 percent retracement brings you right to \$95."

Crude oil for September delivery fell 3 cents to \$71.94 a barrel yesterday on the New York Mercantile Exchange. Futures topped \$70 on Aug. 3 for the first time since July 1, which was a breakout from a 'symmetrical triangle formation,' Ross said.

"We were able to break out on the upside Monday and more significantly, we broke out and held those gains," Ross said. "This shows the ability of the oil market, along with equities, to shrug off bad news and focus in the good news. This is a good sign for technicians."

The Fibonacci sequence was identified by Italian mathematician Leonardo Fibonacci in the 13th century. The ratio between the numbers, about 0.618, is known as the golden mean, and is also used by technical analysts to find levels of resistance and support.

First Published: August 7, 2009: 07:19 EDT