



TRADING OPPORTUNITY - OIL

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TRADING OPPORTUNITY

As investment advisors, we are always screening the global stock markets for opportunities on behalf of our clients. We define a 'Trading Opportunity' a stock which has a strong fundamental momentum, combined with an optimal technical entry point. On top of that, the stock needs to have a substantial upside potential and attractive risk reward ratio.

Commodity

TICKER: CL1
Current Price: \$52.20
1y Target: \$65 (24% upside)

On the 10th of October, OPEC Secretary General, Mohammed Barkindo, gave a clue of what the market could expect from the OPEC meeting which will be held on the 30th of November in Vienna. Suggesting that both OPEC and other oil producers, may be forced to adopt "some extraordinary measures" in 2018 in order to rebalance the market, urging also "our friends, in the shale basins of North America to take this shared responsibility with all seriousness it deserves".

Following, Saudi Arabia's King

Salman meeting with Russian President Vladimir Putin at the Kremlin on the 5th of October, for an historical meeting (the first visit by a Saudi Arabian monarch in the history of relations of the two countries), which has seen substantive talks and deals on energy and arms. "We strive to continue the positive cooperation between our countries to achieve stability on world oil markets which promotes the growth of the world's economy," Salman said in Moscow.

From a technical perspective, the



Figure 1 from March 2016 to October 2017- WTI chart

graph below shows a strong consolidation at about \$50, which highlights a high probability for a breakout of the \$55 level with the 50-day moving average looking poised to cross above its 200-day moving average in a pattern called “golden cross”, and this could further lead to our \$65 target (the last time this happened was in May 2016, and this led to a 18% price increase in just one month).

Aiming at this bullish target, we have invested via an oil certificate with a leveraged delta to the oil price and we are currently waiting for the next round of quarterly reports between the 30th of October and the 3rd of November, of oil

related companies (refinery, drilling), to decide in which equities we are going to add exposure.



Figure 2 - WTI (CLX7) Vs. Brent (COA)

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