

'Nymex crude is nearing bottom; expect 20 per cent rally'

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MUMBAI: Of late, deflation worries and global growth fears have resulted in across the board sell-off in different asset classes and crude oil was no exception. It has lost around 26 per cent from its top of \$107 per barrel registered in June 2014.

Although [Nymex crude](#) was rangebound for over 3 years moving in band of \$114 - 75 per barrel, it appears to be nearing its major low. A good multi-month upmove can be expected from here in next couple of months.

Interestingly, this entire consolidation phase can be clubbed into a 7 legged neo wave diametric pattern as each leg inside this 3-year range bound move has consumed 4/5 months each except the C leg which consumed 13 months.

Time Rules of Neo Wave Diametric formation requires similarity of time between each leg of corrective pattern (or majority of legs) which is befitting in the current behavior of nymex crude.

If we presume [the fall](#) from the top of \$107 is G leg of such a diametric pattern then as the current fall is into its fourth month, we can expect bottom around these levels.

Besides, our observations in this three-year consolidation range shows that each leg lost around 30 per cent (+/-5%) from its respective peak which also means its nearing bottom.

Even [orthodox](#) Elliott wave counts for this larger consolidation range are pointing towards a bullish consolidation in the form of a contracting triangle which is nearing completion of C leg of its formation.

Based on Elliott wave rules this C leg should not go below the low registered by 'A' leg which means for this pattern to remain valid, crude should bottom out above \$74.9.

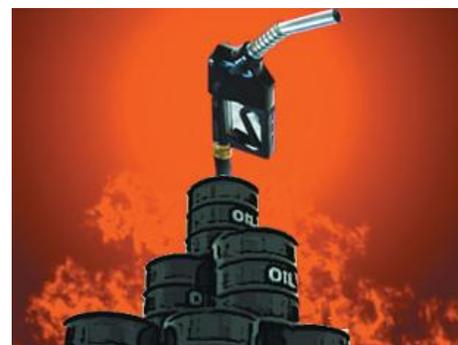
Once 'C' leg is finished it paves the way for 'leg D' which may last for couple of months may be another 4/5 months and price wise retraces at least 50-60% of its last leg of fall.

The weight of technical evidence is suggesting crude is nearing a major low and is in for a 20 per cent kind of rally.

Based on this technical evidence risky investors can create long positions in crude for targets of \$96 - 99 dollars in next 5-6 months.

Our orthodox Elliott wave counts for triangular formation should become invalid if crude slips below \$74.90 and hence below this level much bearish possibilities for crude shall open up.

(The analyst is [Technical Research Strategist, Chartviewindia.in](#))



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