

Crude Summary for 11/7/07:

In the absence of any significant reversal action during this timeframe, the market continues to press up into our target region in the upper half of the \$90's. As this action unfolds the big question is; will the market be able to challenge the huge psychological resistance in the \$100 area in the near term, and if it does will it set a near term top in this area, or will it be able to climb over this big milestone? One thing that continues to stand out with the recent action in the market is the high degree of *extreme* two sided volatility that it has been displaying. This is the type of action that you would typically see from a market as it is exhausting itself. With this being the case we continue to favor maintaining protective stops beneath the market. We would now view the 93.80 area as providing very important short term support for the market. In addition, we continue to favor scaling out of length here in our target range in the upper half of the \$90's (and ahead of the key \$100 level). If the market is going to seek out a top during this timeframe (be it in front of the key \$100 level, or even if somewhat higher), then we will expect this to set the stage for a consolidating pullback, and one that can be quite large given how far the market has run to the upside in the previous weeks.

Support: 94.70 93.80 92.10 91.00 90.25 89.15 Resistance: 97.10 97.50 100.00 100.65 101.30



Technical Discussion:

If the current rally up off of the 84.92 low is occurring in a wave 5 of 5 position, as we have been discussing, then it has most certainly carried far enough that we must now be on the lookout for any significant reversal action that might signal its conclusion. If this type of reversal action can be avoided at this time, and this wave 5 of 5 can continue to extend in the ensuing days, then we will expect to see it targeting a push up further into its target range in the upper \$90's (and possibly challenging the key \$100 level). In either case, if this advance is indeed the concluding portion of not only the move up off of the early Oct low, but also the rally off of the mid Aug low, then its conclusion should set the stage for a very sizeable corrective decline (just by the virtue of the size of the advances that have preceded it) in the ensuing weeks / months. The key short term support to keep our eyes on now resides in the 93.80 area.