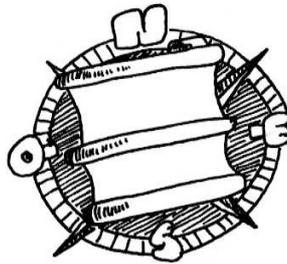


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Full oil

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The price of a barrel of oil has dropped by 145 to 103 dollars. You can read all over "*the end of the oil bubble*," "*the oil price collapse*," "*price too high*," "blah blah blah..."

I hesitated between basic explanations ([peak oil](#), [decreased production of majors](#), demand for [oil from China](#) and India, the strategic oil stock, [the world population and oil](#), ...) and a graph of oil prices. I opted for sobriety and condensed a graph of oil prices (I will take again theoretical explanations in my next mailing on major oil companies). Let's see here the nature and extent of the current decline in oil prices.

Remember

In 2001, we were a very small group to be bullish on oil. Most often we are unaware. The very fact of having broached the subject of oil would make us spend at least for the most incompetent and often stupid, sometimes even we met with few insults. Critics yesterday we laugh today without announcing the end of the oil bubble, the end of the tyranny of oil, the tanker sinking. They have not sought to understand the events of recent years about the price of oil.

Their words fill me with excitement, they are still there. Having supported the technology in 2000, participated in the feast of bank loans and the collapse of the dollar, they tell us about the sinking of the oil while despite the decline in recent weeks the price of a barrel of oil has increased tenfold since 1999! Their arguments generally run around a single idea: "*oil there remains a lot*" without any argument (it is the state of intellectual grace). They should indicate the thousands of geologists, technicians and oil tycoon black gold investing billions of dollars in oil exploration onshore and offshore where they should seek. They have in recent years more and more difficult to renew oil reserves of their company. Paradoxically, the pessimists on this issue are rather geologists, the optimists are often self-satisfied economists who do not know the difference between a derrick and a fairground carousel...

The three waves of rising oil prices

There have been three waves since 1999 on rising oil prices:
The wave No. 1 : a summit at 37.22 dollars a barrel, correction of 70% of its wave of increase.

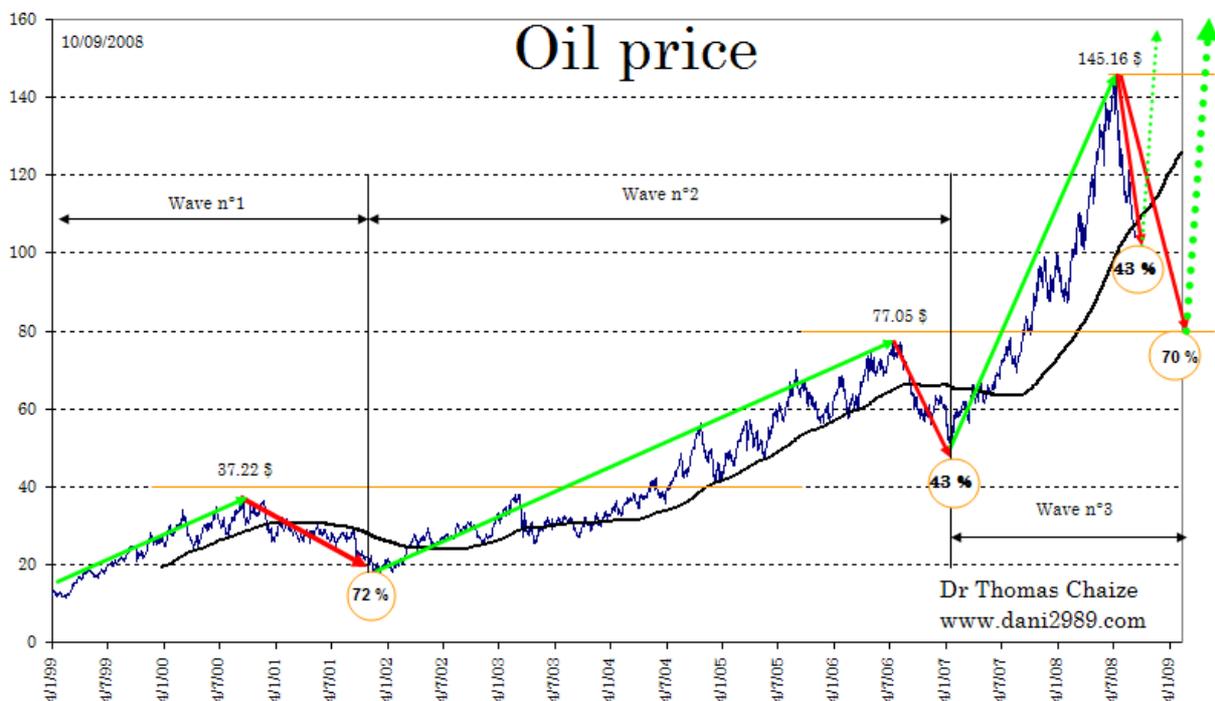
The wave No. 2 : a summit at 77.05 dollars a barrel, 43% correction of its wave of increase.

The wave No. 3 : a summit at 145.16 dollars a barrel, as if it corrects the wave No. 2, it can bounce in the area of 100 dollars (psychological support) with a wave correction of 43%, or as it corrects the wave No. 1 in the area of \$ 80 (support for the former summit) of 70%.

It is interesting because the 100 dollars and 80 dollars are rightly supports important for the price of a barrel of oil.

I propose two options for low oil prices at 100 dollars and 80 dollars for an order of magnitude of what is a normal correction based on two previous waves downward trend without being questioned. The duration of this decline is difficult to quantify, a few days, few weeks or months? There may be a wave of rapid correction or very long to type **a, b, c**. The time factor is not obvious to be determined, the previous waves of correction were 15 and 5 months, we have today in the second month of decline in wave No. 3.

Have you noticed that each new high price of a barrel of oil is more or less double the above?



The most important question today is: How should we interpret the decline in the price of a barrel of oil in recent weeks? As the end of a cycle bullish on oil or as a wave of correction in a super bull cycle?

I maintain my position of these recent years, we are in a super-cycle engine oil with major structural changes in world production of oil, derrick to the gasoline pump, the current decline is a wave of natural and temporary decline in a sort of super bull cycle of oil prices in the very long term.

We must patiently seek the right moment to [full petrol](#) and does not doubt the basic trend is not questioned.

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