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Crude Oil MAY 2009  
48.12 -0.29 ▼

Gold Comex MAY 2009  
901.20 -6.80 ▼

Euro FX JUN 2009  
1.3444 0.0001 ▲

E-mini S&P 500 JUN 2009  
831.50 -4.00 ▼

## Sour Crude

### ↑ Fundamentals

Oil bulls had little to cheer about yesterday, as the FOMC policy statement hinted toward the central bank staying in a holding pattern. The policy statement indicated that the bank remains between a rock and a hard place, wanting to raise rates to curb inflation and, at the same time, trying to revive a sputtering economy. The grim outlook for the economy indicates that consumers will continue to curb their use of gasoline going forward, which may actually aid an economic recovery. As demand for fuel sinks, prices are likely to continue easing, leaving consumers with more disposable income to pump back into the economy. If the economy begins to show life by the end of the year, the Fed may become more aggressive in its approach and begin raising rates, which may strengthen the Dollar and pressure Crude Oil prices. Geopolitical uncertainties have been the wildcard for Oil traders and tensions have not eased in either Iran or Nigeria. Today's EIA inventory numbers are expected to show a rise of 300,000 barrels of Crude Oil, distillate stocks are expected to fall by 2.1 million barrels and gasoline inventories are forecast to fall by 1.2 million barrels. The product numbers will likely set the tone for the trading day. Distillates have been building, indicating that South American and Asian demand for diesel fuel may be falling more quickly than previously expected and indicates that emerging markets in these regions may be cooling off, along with more developed countries. Gasoline surprised traders last week with a sizable drawdown versus expectations of a moderate build. The MasterCard weekly survey showed that consumers began pumping more fuel last week due to the drop in prices, leading many observers to believe that demand may increase.

According to technical indicators, bears continue to control the market in the energy complex. Yesterday's close below support in the \$122 area and, possibly even more importantly, the key psychological \$120 mark in the September Crude contract may signal a continuation of the recent downtrend. After being burned many times in the past year, bears may take a wait and see approach and wait for follow through selling today before either jumping in the market or increasing positions. The September Oil contract is nearing oversold levels on the 14-day RSI and the 20-day momentum took a surprise turn to the upside, which may cause shorts to tread lightly. The September RBOB and Heating Oil contracts also took out key support areas at \$3.00 and \$3.35, respectively. Like Oil, both of these markets are seeing slight bullish divergence between RSI and momentum, which may cause traders to act with caution. Heating Oil is the most oversold market at 20 percent on the 14-day RSI, while Crude and the RBOB continue to hover near 30 percent.

### Technical Notes

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[View Today's Chart](#)

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Support/Resistance & Oscillators					
	S2	S1	Pivot	R1	R2
<b>Pivot</b>	116.04	117.31	119.27	120.54	122.50
<b>Chart</b>	108.40	117.00	n/a	122.00	128.60

<b>14-day RSI</b>	30.41
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Today's Highlights and Economic Data	
<b>Economic Reports:</b>	EIA Inventories 9:35 am CDT
<b>FND/LTD</b>	none

## Trading Ideas

Given the volatile nature of the financial markets, traders may be reluctant to take on unprotected futures positions. Traders that are bullish on the Australian Dollar might give some thought to putting on a long future with a collar, by potentially buying the June future at 0.7100, and then possibly selling a May 0.725 call and buying a May 0.695 put at even money. This would potentially provide the trader a 1:1 risk reward ratio, as profit and loss are both capped out at 150 points, or \$1,500. Maximum profit would be reached if the June contract closes above 0.725 at expiration, while maximum loss would be reached if the June contract closes below 0.695 on the May 8th expiration date."

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