

The energy sector is setting up for a big move

If there is a downdraft in the stock indices as expected, do not be surprised if all risk assets go down at the same time. It is what the pros call hyper-correlation. However,

I will be focused on this sector and the energy futures. If they hold up well and in regards to the XLE it finds support at or above the 61.40 target, the play would be big time for long entry in anticipation of a 60 point swing.



If the energy futures like CL can lead the XLE lower to finish off the E wave as the above chart high lights, it would be a super buying opportunity. I am sitting on my hands for now. I

will keep my eyes on it and for team level one member, I am reviewing big swing systems to trade it, once I am happy they will be in your Dropbox.

Lastly, this may be an event-driven rally in the energy sector. The next COT date in August gives to take a few days. I will have a better handle on it as the time window nears.

The energy sector is showing signs that a significant trend move is nearing. It is not clear if the E wave finished and that sector is about to break out on the upside.

However, when you look at the Crude futures, the set up is bullish. TEM is shown in the top chart with the services of TE #2 setups that lead to nice trending moves. The bottom graph is %BB-VIX on the CBOE crude volatility data. I high two times in the past eight months where volatility was oversold leading to nice uptrends. As you can see %BB -VIX was supported by TEM for the bullish outlook.



The one-time %BB-VIX reached oversold, and the market declined TEM had reached a TE # 3, calling the uptrend at the time old and laboring.

Crude oil should be an opportunity for pro direction traders and day traders.

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