

# The Bridge

## "Crude, Natural Gas & the XOI Index"

### Oil & Gas Stock Index

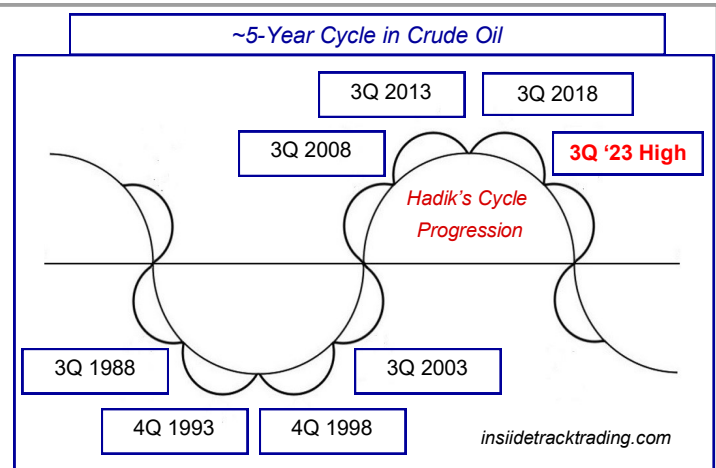
**03-17-23** - During the last half of 2022, one of the primary focuses (foci) in the energy sector was on the culminating advance in the XOI Index. It was fulfilling a textbook Elliott Wave sequence - dating back to its March '20 bottom - and just needed a final spike above its June '22 peak (**1918/XOI**) to fulfill a multi-year advance with a wave '5' peak.

This came after Crude fulfilled multi-month and multi-year cycles - with successive peaks in March & June '22 - and Natural Gas fulfilled and completed its projected ~2-year advance, spiking above 10.00/NG and fulfilling 1 - 2 year buy signals that had been triggered at 1.650 - 2.200 in early-2020.

Those commodities had already signaled 6 - 12 month peaks and the highs for all of 2022, but the corresponding stocks - as is often the case - were lagging the action in the physical oil & gas markets... playing catch-up to the gains of 2020 - 2022.

The Sept '22 *INSIIDE Track* warned about this:

**09-01-22** - "One related factor that continues to be of interest involves cycles in the XOI (US Oil Index). Longer-term monthly and yearly cycles converge in **1Q '23** (almost all of them in **Jan/Feb '23**) and are most likely to time a peak. While it is dangerous and often misleading to try and follow any sort of 'direct correlation' thinking, this outlook - if fulfilled - could



*be providing clues regarding energy prices, stock prices, or a combination of both."*

At the same time, Crude was poised to drop to at least 70.00/CL, Unleaded Gas to ~2.000/RB and Natural Gas was projected to plunge to/below 3.500/NG - the 4th wave of lesser degree support/target.

The Nov '22 *INSIIDE Track* described it this way:

**10-31-22** - "Crude Oil, Unleaded Gas & Heating Oil have continued to correct, reinforcing the peak set in **June '22** that perpetuated a 14 - 15-week cycle AND a related ~28-week low-low-low-low-(high) Cycle Progression. The next phase of that ~28-week cycle arrives in **mid-Dec '22** and should time a future high.

*The Bridge* Publications: In an effort to provide a more comprehensive, balanced & holistic perspective on the markets, and to add necessary context to cyclic and technical outlooks, these publications are periodically added to *bridge* current events with prior analysis, to *bridge* fundamental events with technical patterns, or to simply add related analysis to markets that do not normally receive primary coverage in the **Weekly Re-Lay**. *The Bridge* Publications are currently provided to **Weekly Re-Lay** subscribers as a value-added bonus for any subscription of two months or longer.

Please Note: Currently, there is not a specific publication schedule. That allows *The Bridge* publications to be compiled at any time - when markets or current events warrant additional coverage. Also, markets addressed in *The Bridge* are not signaling the beginning of regular coverage. In some cases, a particular market might only be addressed one time - due to a unique set of circumstances.

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An intervening low is expected on **Nov 18/21** - the convergence of multiple daily cycles.

On a broader basis, the same ~5-Year Cycle (and midpoint of the related ~10-Year Cycle) that helped pinpoint Crude's previous multi-year peak in 2018, leading to its third and final 80.00+/CL decline in a ~12-year period - comes back into play in **2023** and could time the next multi-year peak.

If that is true, it would mean the rally in energy prices is not yet complete... even if the mid-'22 peak ushered in a 3 - 6 month (or longer) consolidation below that high.

The XOI (Oil & Gas Index of stocks) remains strong and rallying in what is likely a wave '5' (or 'V') of an overall 5-wave advance that began at the March '20 low. That, too, could usher in a peak in the coming months.

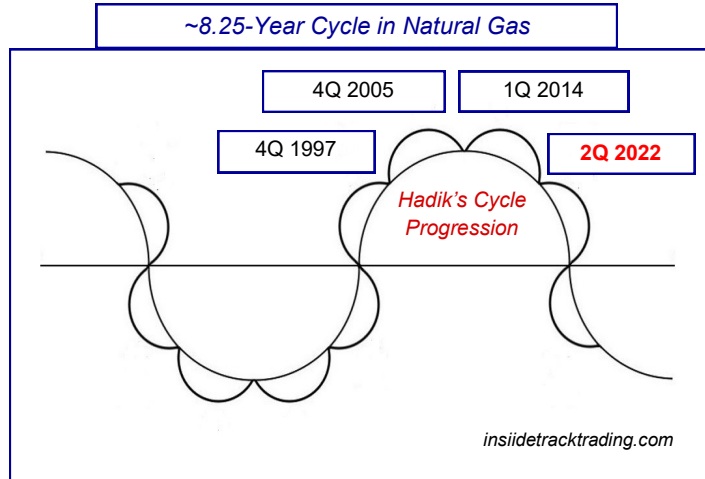
The XOI remains focused on longer-term monthly and yearly cycles that converge in **1Q '23** (most in **Jan/Feb '23**) with some that peak in **Dec '22**... so price action needs to hone the timing for a peak.

A rally into **Jan '23** would fulfill a 17-month high-low-low-(high) Cycle Sequence while completing a multi-year advance (34 months) that is twice the duration of the preceding decline (17 months).

A high in **Dec '22** would make this advance equal to the duration of the previous (Jan '16 - Oct '18; 33 months) comparable advance.

Since this is a higher-magnitude advance, a rally into **Jan '23** would exceed the duration of that prior advance and provide another confirmation of its underlying strength.

A high in **Dec '22** would also arrive during the midpoint (half cycle) of a 12-month high (June '20) - high (June '21) - high (June '22) - (high; **June '23**) Cycle



Progression that could produce a subsequent peak in **mid-2023**... in line with Crude's 5-Year Cycle.

On an intermediate basis, the XOI has a pair of weekly cycles that peak in **late-Nov '22** - a week shy of the **Dec '22/Jan '23** monthly cycles. A peak in **late -Nov '22** would fulfill a 24-week low-high-(high) Cycle Progression that has broken down into a corroborating low-low-high-high-(high) Cycle Progression - both converging on **Nov 21 - 25, '22**.

The XOI's yearly LHR for 2022 (extreme upside target for this year) is at **2,025** and could be tested before a multi-month top becomes more likely. That would also fulfill the minimum wave target (**1980 - 2022/XOI**)... and the monthly HHR for Nov '22...

**Natural Gas** has sold off sharply after fulfilling multi-month & multi-year cycles while surging for over two years into **3Q '22** and attacking major upside price targets while completing a textbook 5-wave advance from its mid-2020 bottom.

(That peak coincided with the culmination of the 2-year buy signal that had investors entering longs in

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early-2020, adding to them in early-2021, and carrying them through the majority of that 2-year advance and finally exiting in mid-June '22.)

By setting a peak in 2022, Natural Gas fulfilled an ~8.25-year high (4Q '97) - high (4Q '05) - high (1Q '14) - high (2Q '22; which was not closed above) and an ~11-month high (Nov '19) - high (Oct '20) - high (Sept '21) - (high; **Aug 2022**) Cycle Progression.

That ~11-month Cycle Progression was reinforced by an over-arching 22 - 23 month high (Dec '16) - high (Nov '18) - high (Oct '20) - (high; **Aug/Sept 2022**) Cycle Progression.

Ultimately, this could drive the price of Natural Gas back down to ~3.500/NG - the 4th wave of lesser degree support (Dec '21 low before wave 'V' advance into Aug '22) & prior 4Q '20 high.”

### January '23 XOI Cycle Peak

As it turned out, the XOI fulfilled both the weekly cycles (with an initial peak in **Nov '22**) and the monthly/yearly cycles (with a double top in **Jan '23**). Its Nov '22 peak timed a '3' of 'V' wave high and left time for a quick '4' wave pullback followed by a final '5' of 'V' wave advance into **Jan '23** cycle highs.

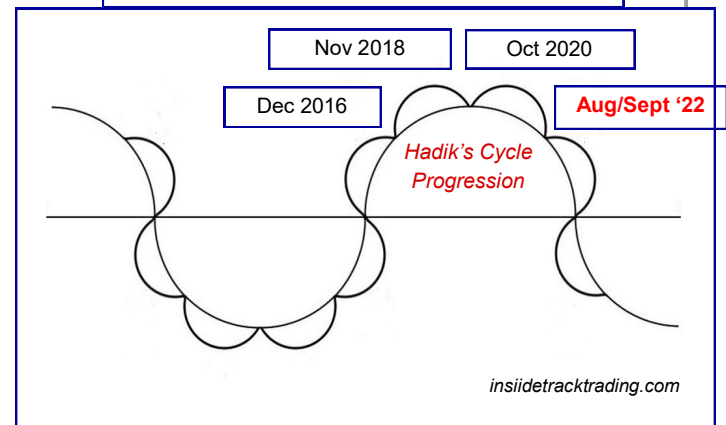
That fulfilled all of the upside price and timing expectations for a 3 - 6 month (or longer) peak. Soon after, the XOI triggered an intermediate sell signal and has been on track for a decline into **April '23**.

### April '23 Cycle Low?

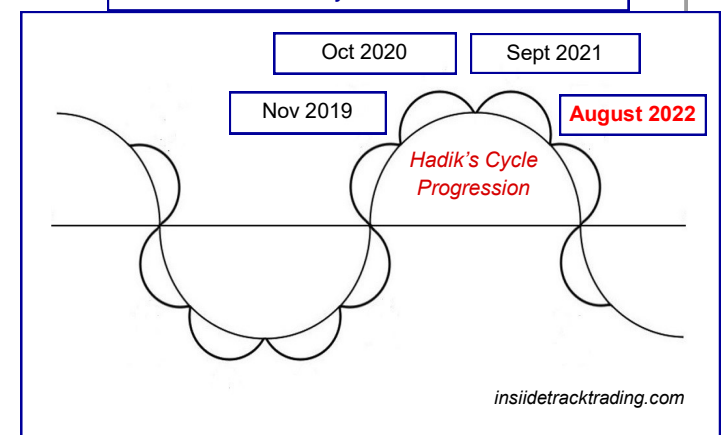
Since peaking in June '22, the Energy Complex has had a few key intermediate cycles that were/are expected to impact it between then and ~**June '23** - when a ~12-month cycle peaks.

In all of them (Crude, Unleaded Gas & Heating Oil), they had a ~4-month/17-18 week low (Apr 4-8, '22) - low (Aug 1 - 5, '22) - low (Dec 5 - 9, '22) - low *Cycle Progression* that timed two of the intermediate

### 22 - 23 Month Cycle in Natural Gas



### ~11-Month Cycle in Natural Gas



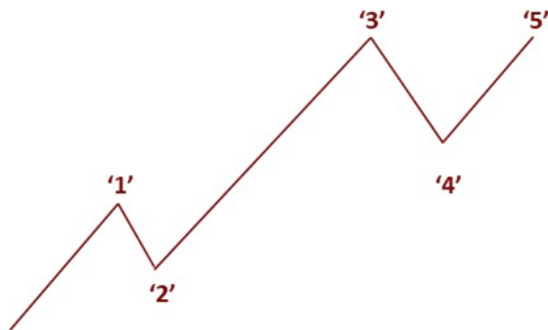
lows since June '22... and portends a final low on **April 3 - 14, '23**.

In the case of Heating Oil, that (**April '23**) is also when it would retrace 50% in time (April '20 low - April '22 high = 24 months; 12 months down = **April '23**) and is the next phase of a ~6-month/~180-degree high (Oct '21) - high (Apr '22) - high (Oct '22) - low (**April 2023**) *Cycle Progression*.

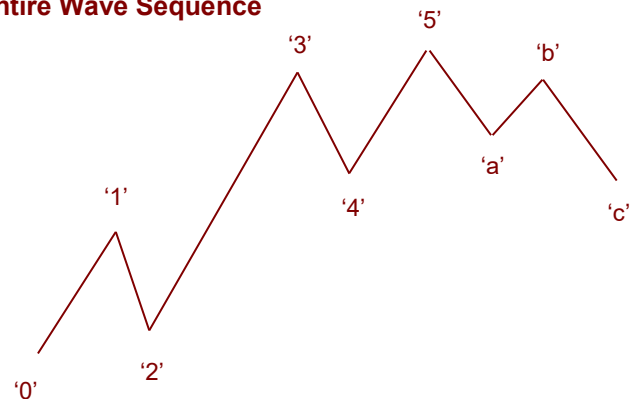
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### Impulse Wave Sequence



### Entire Wave Sequence



If Crude sets a low anywhere between now and the first half of **April '23**, it would be set up for a 50% rebound in time - leading into **3Q '23**, when a ~5-Year *Cycle Progression* portends a peak.

There are other cycles that portend a multi-month low in the coming weeks... and then a subsequent high that could stretch into **3Q '23** in at least one of the energy markets (Unleaded Gas??).

*But what about the XOI?*

### Simple as 'A-B-C'?

One scenario that is shaping up for the XOI is a type of 'flat' or 'irregular' A-B-C' correction. In either case, the index could see some additional downside in the immediate future ('A' wave low) and then rebound into **June '23** - when it possesses a ~12-month high (June '20) - high (June '21) - high (June '22) - (high; **June '23**) *Cycle Progression*.

Since each of those previous highs was more of an intervening one (instead of a multi-year high), a peak in **June '23** could be similar... most likely a

secondary one that is below the level of the Jan '23 peak ('B' wave peak).

That would then set the stage for a second decline ('C' wave sell-off) that could/should ultimately take the XOI Index down to its multi-year '4th wave of lesser degree' support near **1328/XOI**.

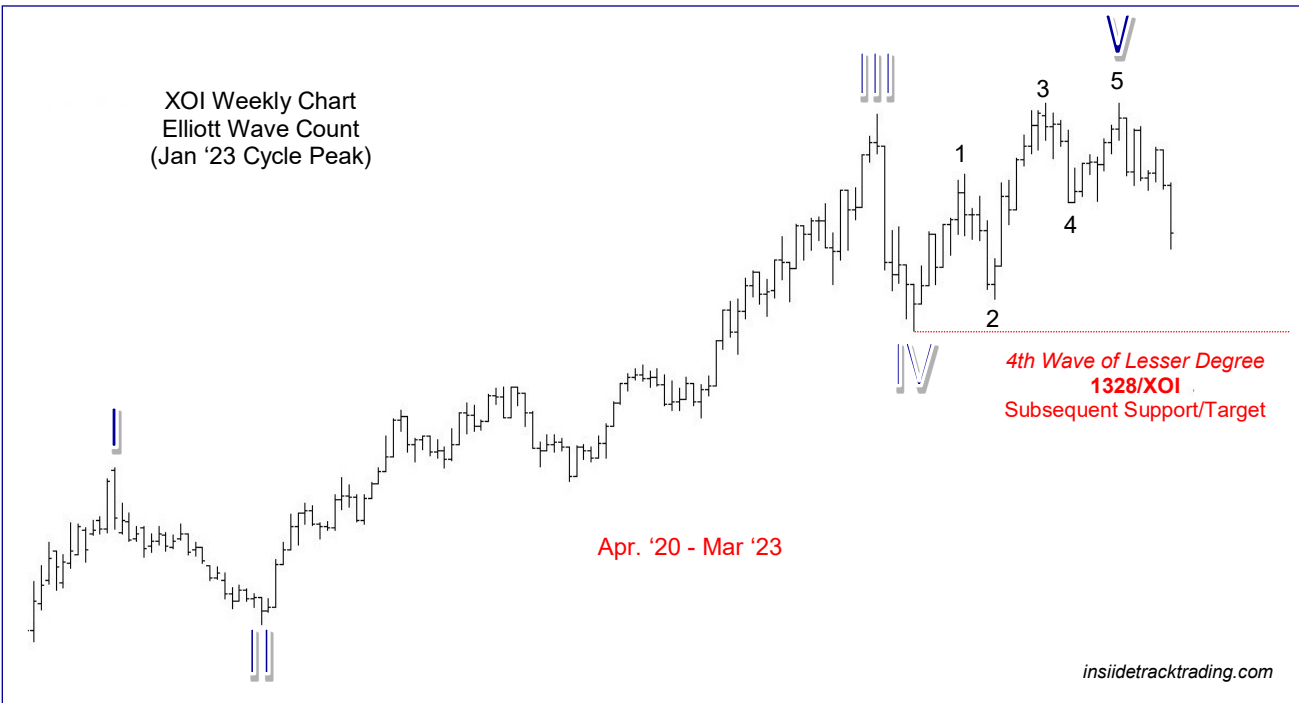
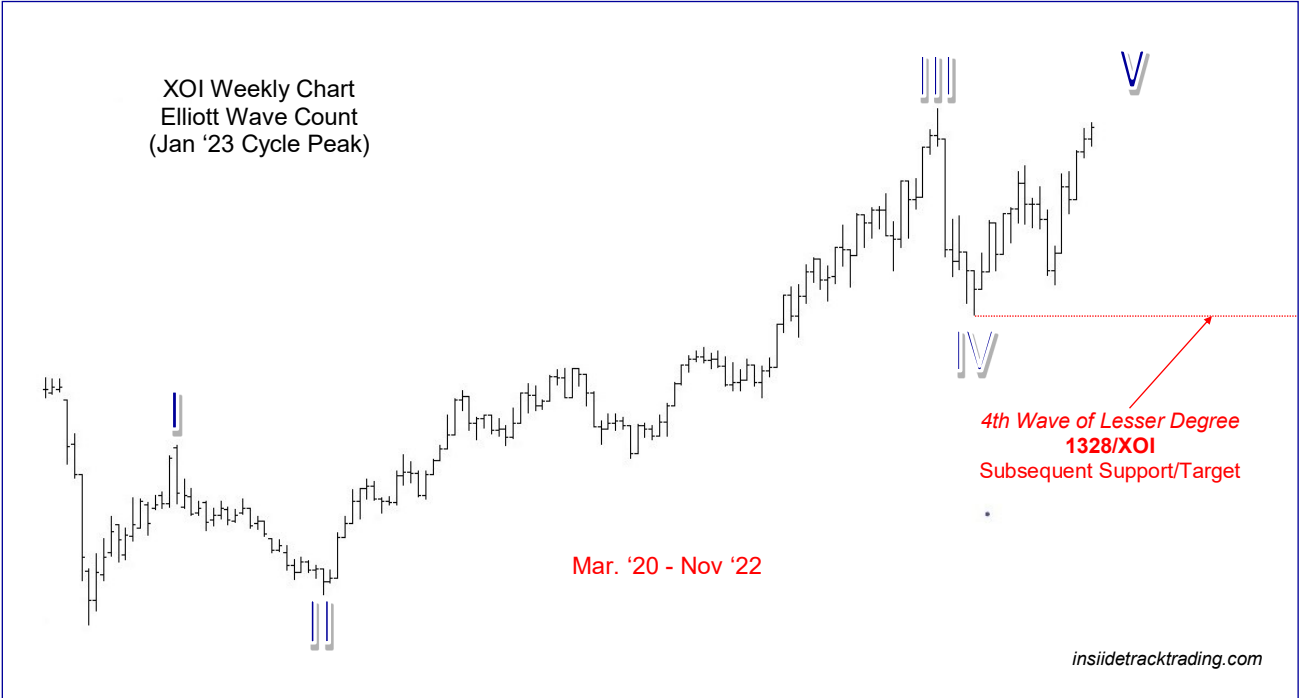
That is just one possible scenario based on wave structure and one particular cycle. There are other factors that need to be considered, like the ~11-week cycle that precisely timed the Jan 23 - 27 peak and portends a subsequent (lower?) one on **April 10 - 14, '23**. That is also when a corresponding ~22-week high-high-(high) *Cycle Progression* portends a (likely) lower peak.

The weekly trend and weekly 21 MAC could also play an important role. For now, it is mainly important to recognize that the XOI has fulfilled almost all of what was projected for a 3 - 6 month or longer peak to take hold in **Jan '23**.

The **Weekly Re-Lay** will continue to update short- and intermediate-term analysis on Energy markets.

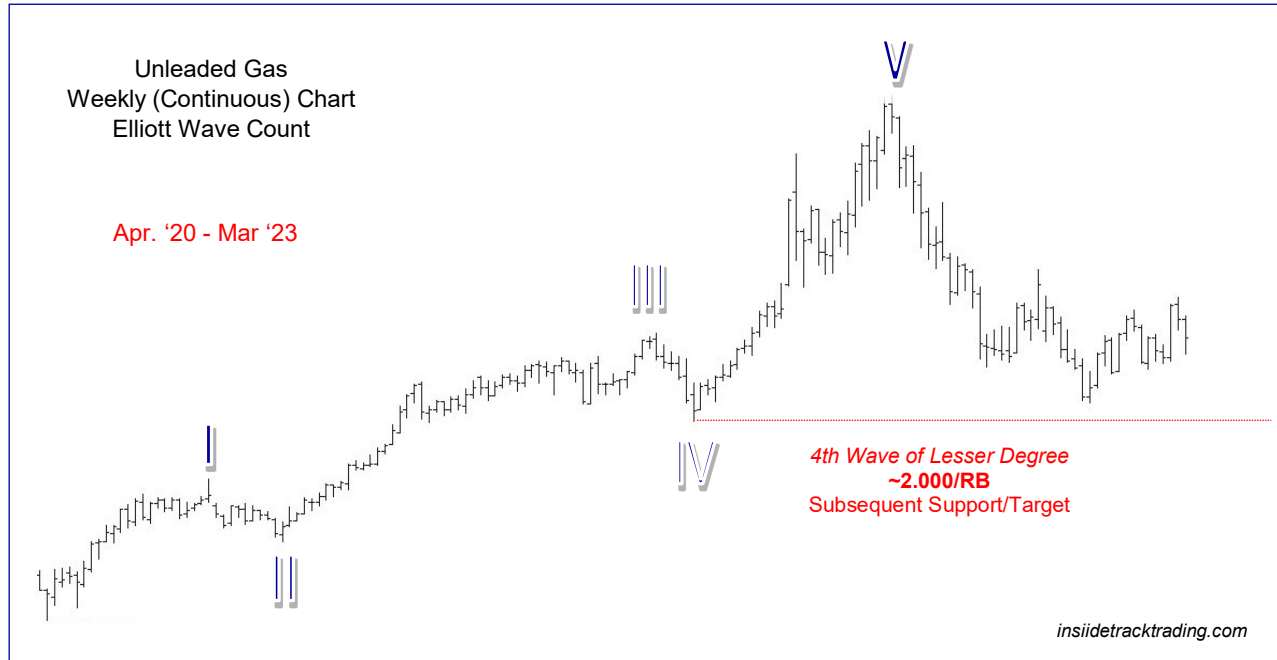
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