



FOREX FORCE
Oil and the U.S. Dollar
August, 2008

FXStreet Webcast
with Mark Whistler

WallStreetRockStar.com



Mark Whistler is a trader, author and analyst. Whistler is a contributing Senior Market Strategist at TradingMarkets.com and heads the currency trading Service: [Forex Force](#). From time to time Mark can be seen on CNBC and is a [regular contributor to FXStreet](#), discussing currency trading and global markets.

Whistler is one of three founders of Tekonomix Partners, a a privately-held partnership, helping corporations connect to capital, while also laying out strategic infrastructure and planning to achieve the highest possible shareholder value.

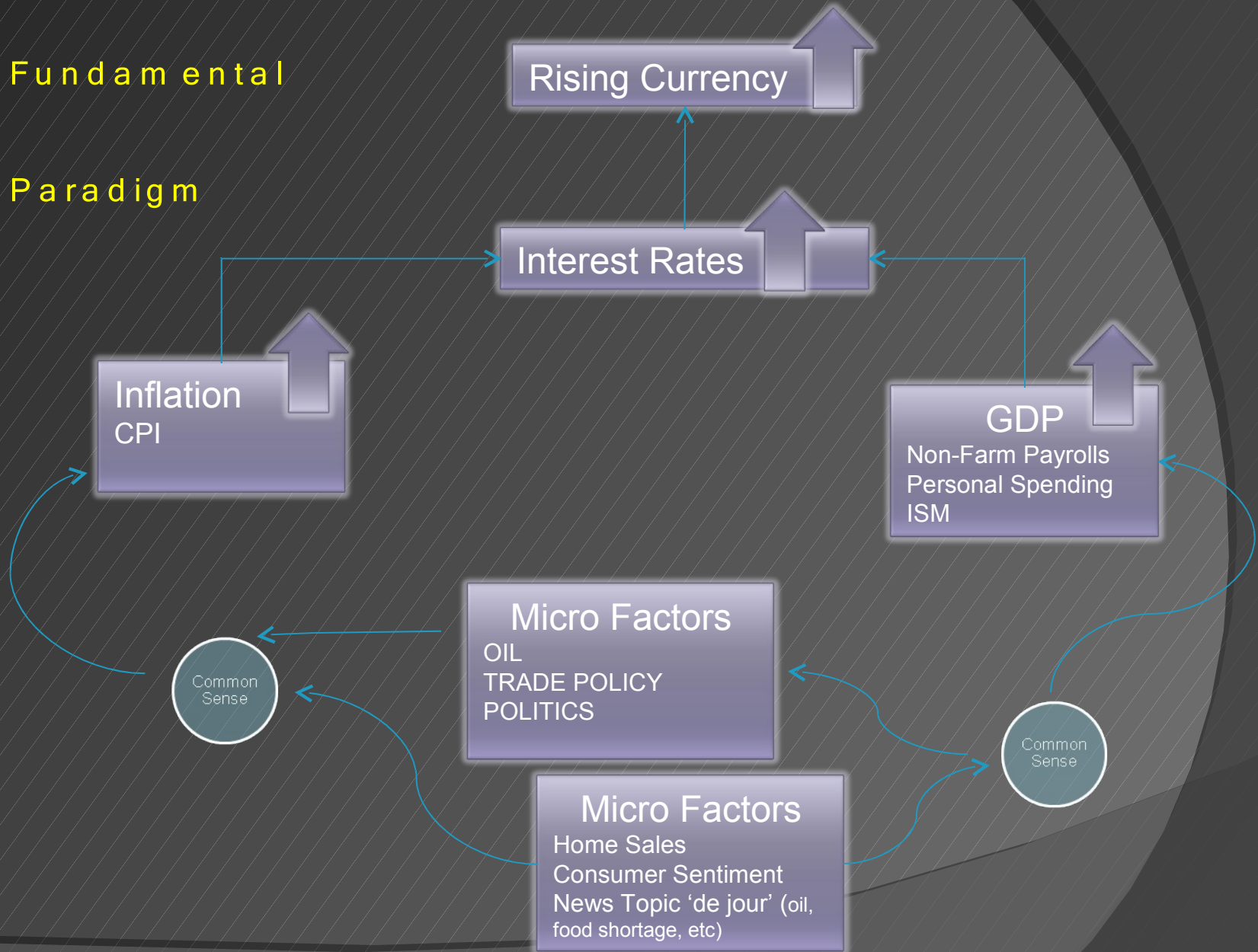
His books include: [Trade With Passion and Purpose](#) (John Wiley & Sons, Inc. 2007), [Trading Pairs](#) (Wiley, 2004), Profit from China (Investment U/Wiley, 2006) and Profit from Uranium (Investment U/Wiley, 2006.) Mark's newest book, [The Swing Trader's Bible](#) (John Wiley & Sons, Inc.) - co-authored with CNBC/Fox News regular guest Matt McCall - will be on shelves in December, 2008.

Mark Whistler is also the founder of WallStreetRockStar.com, and is a regular columnist for TraderDaily.com and Investopedia.com. In his spare time, Mr. Whistler operates [Eats For The Streets](#), a growing organization - dedicated to helping homeless across America.

Forex

Fundamental

Paradigm



What is the U.S. Dollar Index

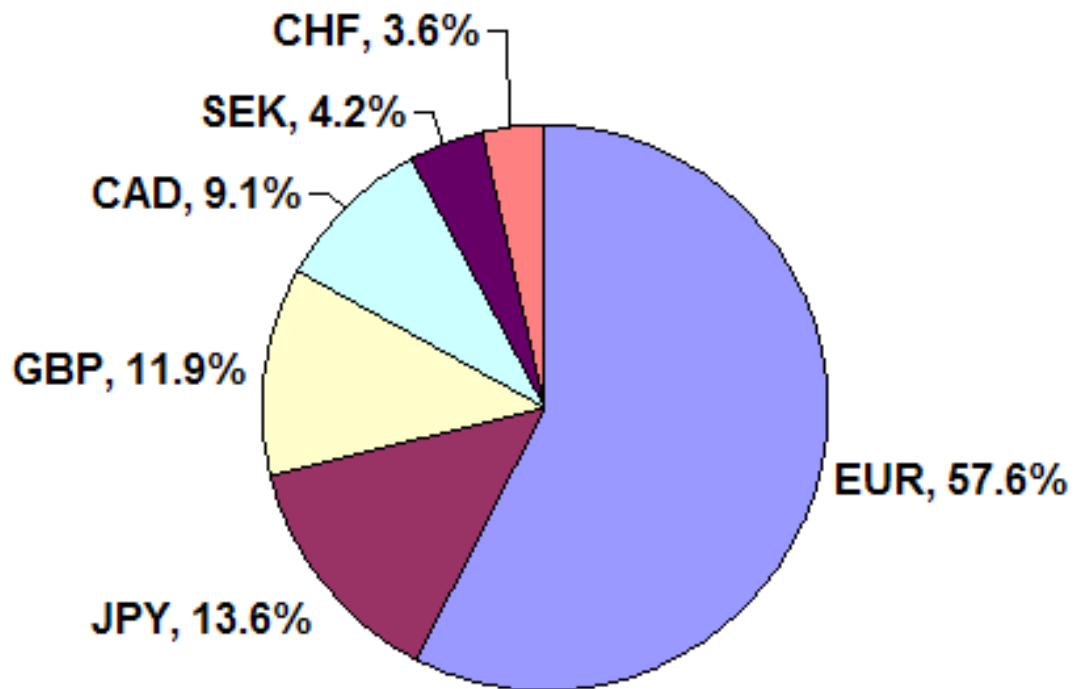
▢ History

- ▢ The trade weighted dollar index was introduced in 1998 for two primary reasons. The first being the introduction of the [euro](#), which eliminated several of the currencies in the standard dollar index; the second being to keep pace with new developments in US trade.^[1] (Source: Wikipedia.com)
- ▢ The U.S. Dollar Index consists of six foreign currencies.

They are the:

- ▢ Euro (EUR)
- ▢ Yen (JPY)
- ▢ Cable (GBP)
- ▢ Loonie (CAD)
- ▢ Kronas (SEK)
- ▢ Francs (CHF)

U.S. Dollar Index Weighting



Correlations Dollar vs. Demand

- ▢ For every 1% the U.S. Dollar moves, oil should add/subtract \$4 in premium.
- ▢ For every 1% global demand increases/decreases, oil theoretically move +/- \$20

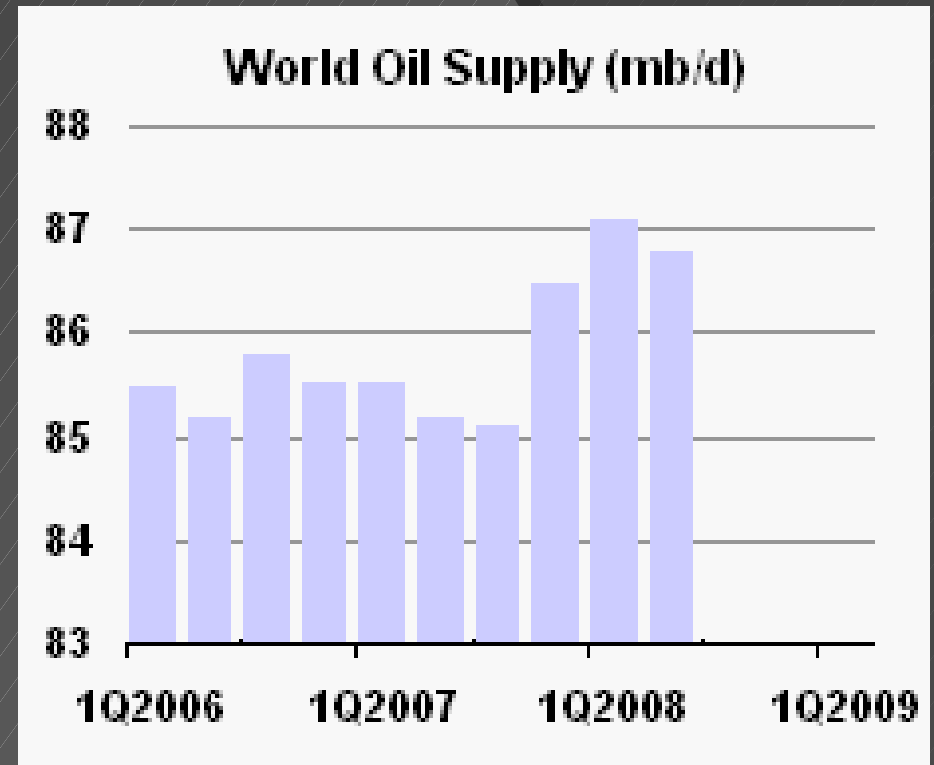
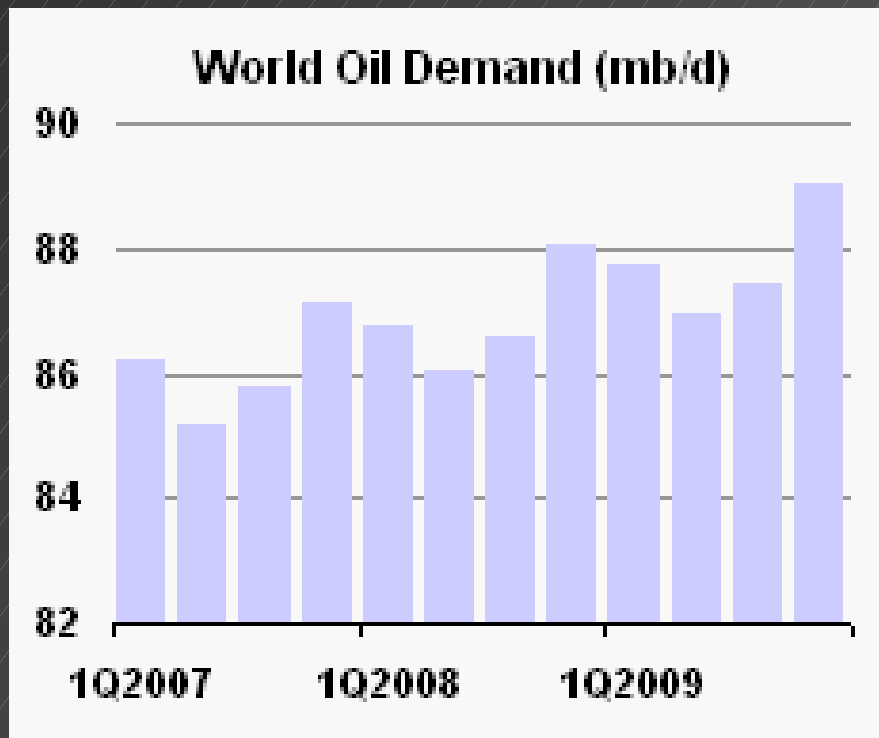
OIL MARKET REPORT

- ▣ **Crude prices had fallen \$30/bbl from mid-July highs** by early August on increased supplies, weaker OECD demand and as the first US Gulf hurricanes passed without causing damage. Currently, neither the recent shut-down of the Baku-Tblisi-Ceyhan (BTC) pipeline, nor military clashes in the Caucasus have materially affected prices.
- ▣ **OECD oil stocks fell by 15.3 mb in June** to 2,579 mb, confirming the near absence of the usual 0.9 mb/d 2Q stockbuild. Weak demand kept OECD forward demand cover above average at 53.4 days. Preliminary July data for the US, Japan and the EU-16 show a 30 mb stockbuild.
- ▣ Source: <http://omrpublic.iea.org/>

OIL MARKET REPORT

- Global oil supply increased by 890 kb/d in July to 87.8 mb/d. Norway, Canada, Argentina and Brazil underpinned non-OPEC growth of 520 kb/d, amid a lull in seasonal maintenance elsewhere. Growth in non-OPEC output now averages 455 kb/d for 2008 and 665 kb/d for 2009, after 425 kb/d in 2007.
- OPEC July crude supplies rose by 145 kb/d to 32.8 mb/d. Nigeria, Saudi Arabia and Iran all saw higher output, although over 0.5 mb/d remains shuttered in Nigeria. Effective OPEC spare capacity is 1.5 mb/d, but should rise by end-2008 and through 2009.
- Global oil product demand for 2008 remains unchanged at 86.9 mb/d (+0.9% or 0.8 mb/d versus 2007). Demand in 2009 is nudged up 70 kb/d to 87.8 mb/d (+1.1% or 0.9 mb/d versus 2008). Growth is driven by projected non-OECD demand, largely unchanged at 38.3 mb/d in 2008 and 39.7 mb/d in 2009.
- Source: <http://omrpublic.iea.org/>

Supply vs. Demand



Source: <http://omrpublic.iea.org/>

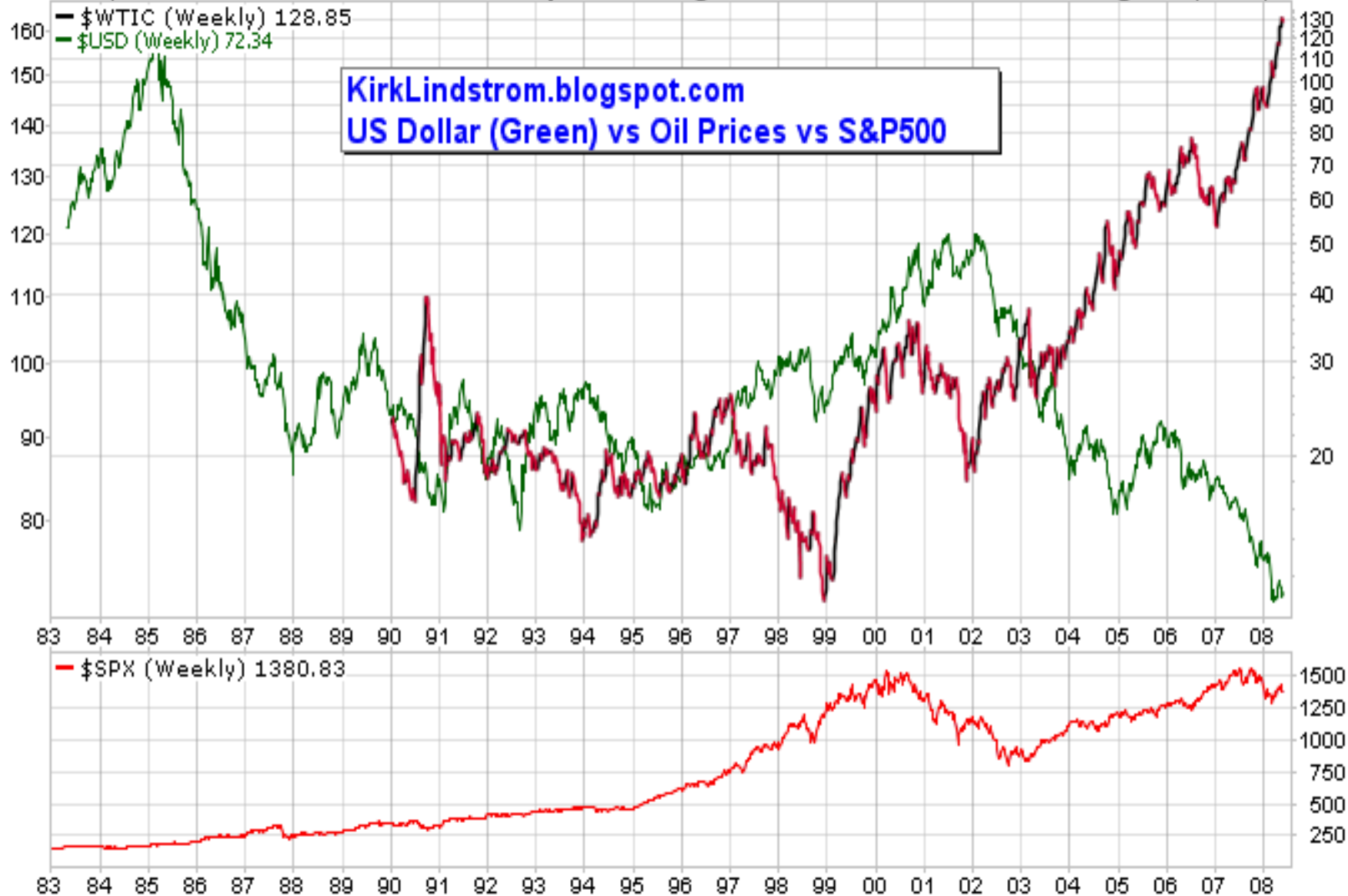
Oil and the U.S. Dollar

\$WTIC (Oil - Light Crude - Continuous Contract (EOD)) INDX

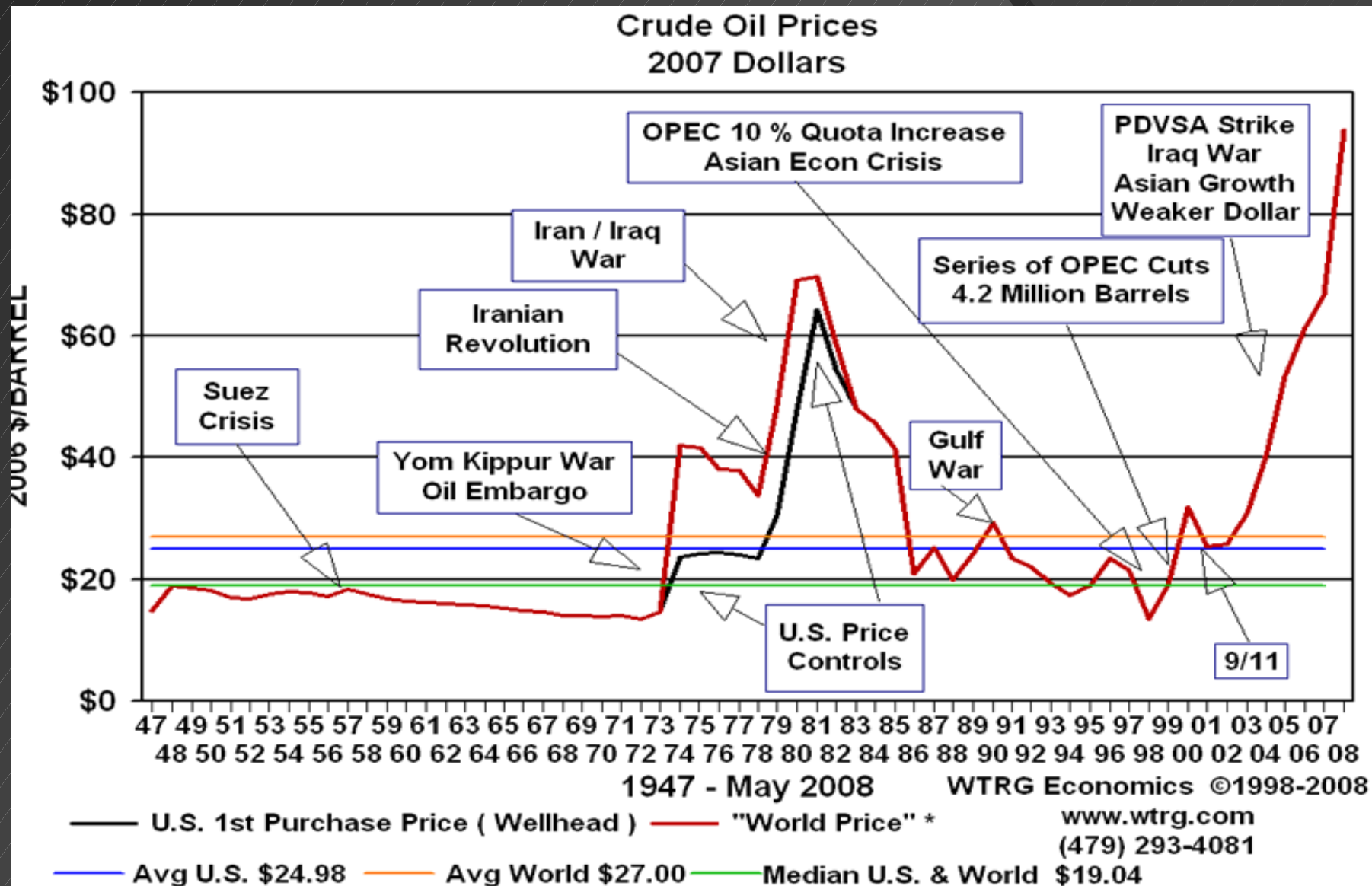
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27-May-2008

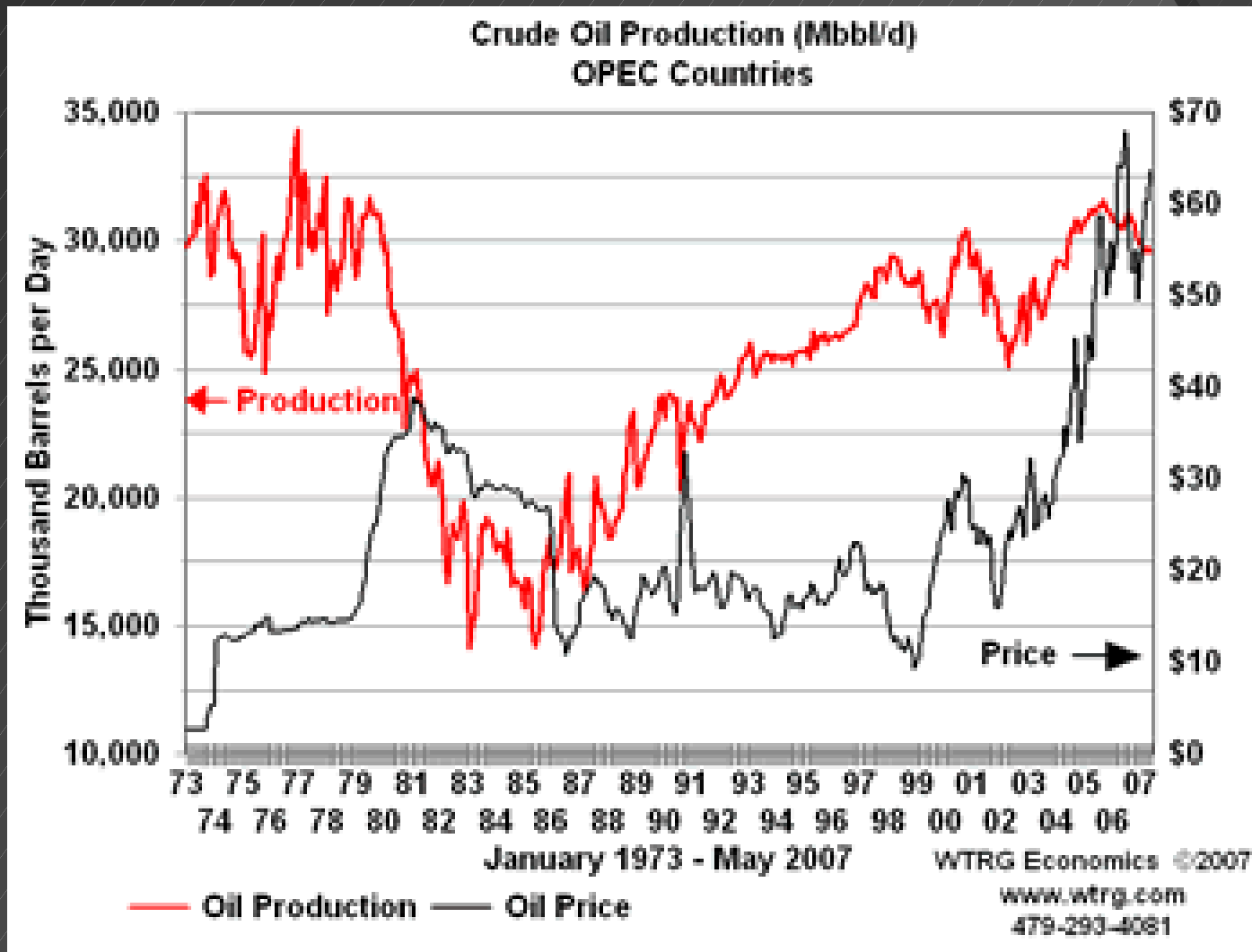
Open 131.68 High 133.65 Low 128.18 Close 128.85 Chg -3.34 (-2.53%) ▼



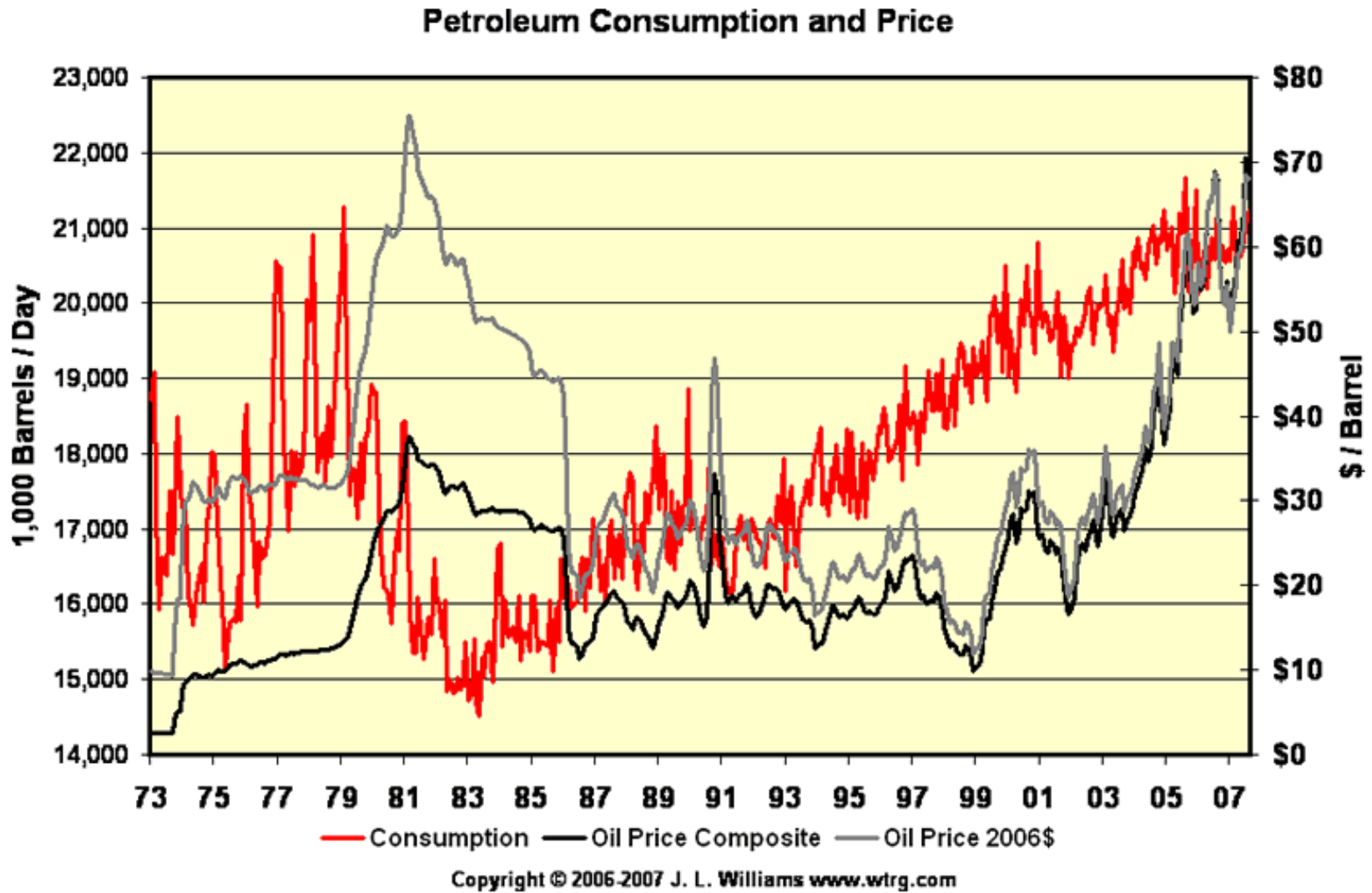
2007 Prices



Crude Oil Production



Petroleum Consumption and Price



Continuous Contract

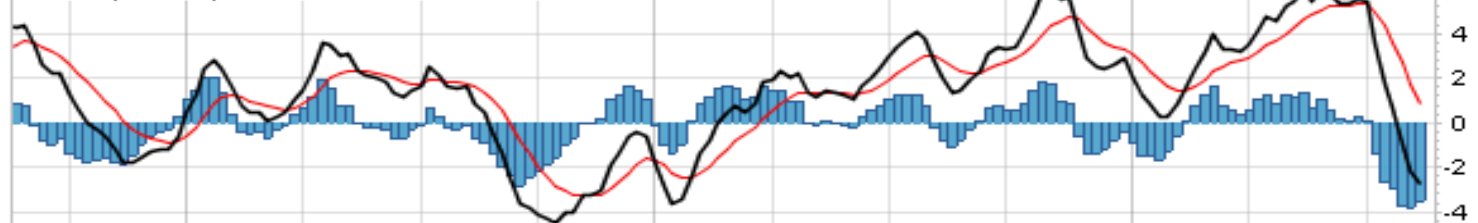
\$WTIC (Oil - Light Crude - Continuous Contract (EOD)) INDX

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22-Aug-2008

Open 114.01 High 122.04 Low 111.66 Close 114.59 Chg +0.65 (+0.57%) ▲

— PPO(6,12,9) -2.746, 0.810, -3.556



📊 \$WTIC (Weekly) 114.59

— MA(40) 111.65

▒ Volume undef

— EMA(60) undef



— \$WTIC:\$SPX (Weekly) 0.09

— EMA(20) 0.09



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