
Kase Report

Kase and Company, Inc.
www.kaseco.com

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Welcome and Introduction

Thank you for your interest in the Kase Report, a quarterly, complimentary newsletter published by Kase and Company, Inc. that discusses the technical outlook for the crude oil and natural gas markets over the forthcoming quarter. This newsletter also features educational articles and studies about trading and hedging related issues.

For more information about any of the topics addressed in the Kase Report please contact the Kase Call Center at (505) 237-1600 or visit www.kaseco.com.

Kase offers qualified corporate and institutional entities a complimentary four to six week trial of services; so don't miss this opportunity to gain insights from the energy industry's leading technical forecaster and risk management solution provider.

Announcements

Why and How Kase Indicators Work Better

A new webinar has been placed on the Kase webpage. This webinar was given in coordination with MF Global and addresses why and how the Kase StatWare indicators work better than traditional momentum indicators. After viewing this webinar feel free to check out the other Kase webinars all of which are available on the Kase homepage. www.kaseco.com

Upcoming Events

November 1, 2008 - Cynthia A. Kase, CMT, MFTA, will be speaking at the eTrade technical Analysis Summit, to be held in Toronto, Canada at the Metro Toronto Convention Centre. Details are posted at www.etradesummit.ca.

November 21, 2008 – Ms. Kase will be speaking at the Petroleum Engineering Club of Dallas about Energy Risk Management and Hedging using Statistics. For more information please visit www.pecdallas.org.

January 21, 2009 – Another speaking engagement for Ms. Kase will be at the Market Technicians Association's annual Winter Meeting in Las Vegas, NV. She will discuss her research on wave analysis and Kase's forecasting techniques. More information will be available soon at www.mta.org.

Outlook for Crude Oil

Last quarter crude oil made a high of \$147.27 meeting the \$145.0 target as called for. The market then stalled and fell to a low of \$90.51 before moving back above \$100 as of this Report.

A bullish flag currently indicates that a further test of resistance above \$108.1 is expected to \$111.5, \$115.0 and potentially \$123.0. The less likely case is for a close below \$102.1, which would negate the flag and call for a continued move lower. In the \$115 area, the market is expected to meet a decision point relative to continuing higher, stalling or declining. The technicals do favor the market again resuming its decline.

Below \$102.1, next support is \$100.4 followed by \$98.1 and then \$95.1. A move to \$95.1 would indicate that the correction is over and that a challenge of the \$90.51 low and potentially \$85.8 is underway.

So, ultimately the technicals favor a drop to \$85.8, which could be a market bottom. However, resistance no higher than \$115.0 needs to hold for this to take place. A move over \$115.0 to \$123.0 would just about wipe out the potential for \$85.8 and indicate that the bearish move has finally stalled.

Outlook for Natural Gas

Natural Gas also made a new high at \$13.849 as called for in the last Report. Prices then plummeted to \$7.023.

November has about 60% odds for a break lower to at least \$7.42, \$7.20 and possibly \$7.06 in the near term. There is immediate resistance at \$7.98 and then \$8.23, but a close over \$8.77, which has 40% odds, would be a sign that the decline has finally stalled, calling for \$9.23 and potentially a return to the double digits.

Later, prices could fall to \$6.73 and then \$6.31, with a possible extension to \$5.87.

Kase Product Review: Kase Commentaries

For traders and hedgers interested in what is going to happen in the natural gas and crude oil markets over the next few weeks, the Kase Commentaries provide short-term forecasts with a level of accuracy and detail unparalleled in the industry.

The Kase Commentary has been published on a weekly basis for over 16 years and has proven to be 96% accurate over that time, not only on price direction, but also in forecasting the exact prices (within a few cents) to which the market will trade or at which the market will turn.

Most shops have a robust fundamental view of the markets, but few have an in-depth, or correct, technical view. The Kase Commentaries are based purely on technical and statistical analysis including wave theory, retracements, candlesticks, geometric patterns, momentum, moving averages and Monte Carlo simulations.

Fundamental analysis is not used. The forecasts conform to the highest standards of mainstream

technical analysis practice, as developed by award winning, Chartered Market Technician (CMT) Cynthia A. Kase - the first fully accredited market technician with an energy cash market and OTC trading background and first American to receive the prestigious Master of Financial Technical Analysis (MFTA) designation.

The wave theory used is a modified Elliot wave principle for commodities, specifically energy, which was observed, developed and continually improved by Ms. Kase over the past 16 years. Ms. Kase is currently in the midst of writing a book on her forecasting techniques that are used in the weekly forecasts and the research is being used to improve the forecasts.

In addition to the forecasts, the Commentaries provide position recommendations, profit taking and exit points, trading and hedging strategy recommendations, and technical trading lessons. The Commentaries are highly technical and therefore has been made interactive. Technical words and phrases are linked to definitions throughout the Commentaries giving the reader a means to better understand the overall analysis.

The Commentaries are widely used by oil and gas producers, consumers, end users, trading desks, brokerage firms and hedge funds throughout North America and Europe.

For a complimentary four-week trial of the Commentary please contact Dean Rogers at the Kase Call Center, 505-237-1600, or [click here](#) to fill out a demo request form.

Next quarter Kase will publish the follow up article promised relative to the retracements discussed last quarter.

Refer a Colleague

We always appreciate your referrals, so if you have a friend or colleague that would be interested in receiving the Kase Report or a trial of Kase's services please [click here](#) and send them an invitation.

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The risk of loss in trading commodities can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. Information contained in this report is not to be considered as an offer to sell or a solicitation to buy commodities, nor do we make guarantees. Kase will not be responsible for any typographical errors. Expressions of opinion are subject to change without notice.

Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight.

In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the abilities to withstand losses or to adhere to a particular trading program in spite of trading losses are material points that can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program that cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

