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Crude Oil Rising, Clean Energy Reversing?

When I look at the daily chart of crude oil, now it appears that a new upleg is in progress with a target of ... \$150? ... \$160? ... who knows? What is really interesting to me now is the potential geopolitical connections that could be the underlying reasons why crude just never sustains lower prices for very long.

It seems to me from what I have been reading that the three leaders around the globe who are in trouble are Bush, Olmert, and Ahmadinejad. And all three could be looking at confrontation as a way to save their presidencies, and/or to try to ensure that their political party remains in office. Confrontation?

Both Bush and Olmert could consider an attack on Iran as a way to "solve" the nuclear threat and the problem of proliferation, and perhaps to change regimes in Iran, which presumably would work to the advantage of the U.S. presence in Iraq. Meanwhile, Ahmadinejad may want a confrontation with Israel and the West to show that Iran is the (only) force to reckon with in the Mid East, and regardless of the downside, will set precedent by standing up to the Americans.

Of course, I have only scratched the psycho-babble surface with my comments, but what I really am driving at is that should a confrontation occur, oil supplies from the Mid-East will be caught in the crossfire, which means prices could skyrocket to levels perhaps unimaginable... until the dust began to settle to see who emerges with the upper hand.

And in that situation, we have to figure that the world's equity markets implode, that gold takes off (at least initially, with the price of oil), that bonds are the recipient of a flight to safety (again, initially), and that the dollar rockets to the upside.

As an aside, one of the reasons that I am long the PBW (PowerShares Wilderhill Clean Energy ETF) in our MPTrader.com model portfolio is that with crude oil prices potentially in geopolitical orbit, one would think that the solar panel "sector" will be attracting lots more capital, and that many

governments will be legislating major tax incentives that will make transferring away from heating oil and natural gas that much more affordable to homeowners.

See my technical analysis and additional comments on the PBW, which may be reversing upward, in the daily chart below.

