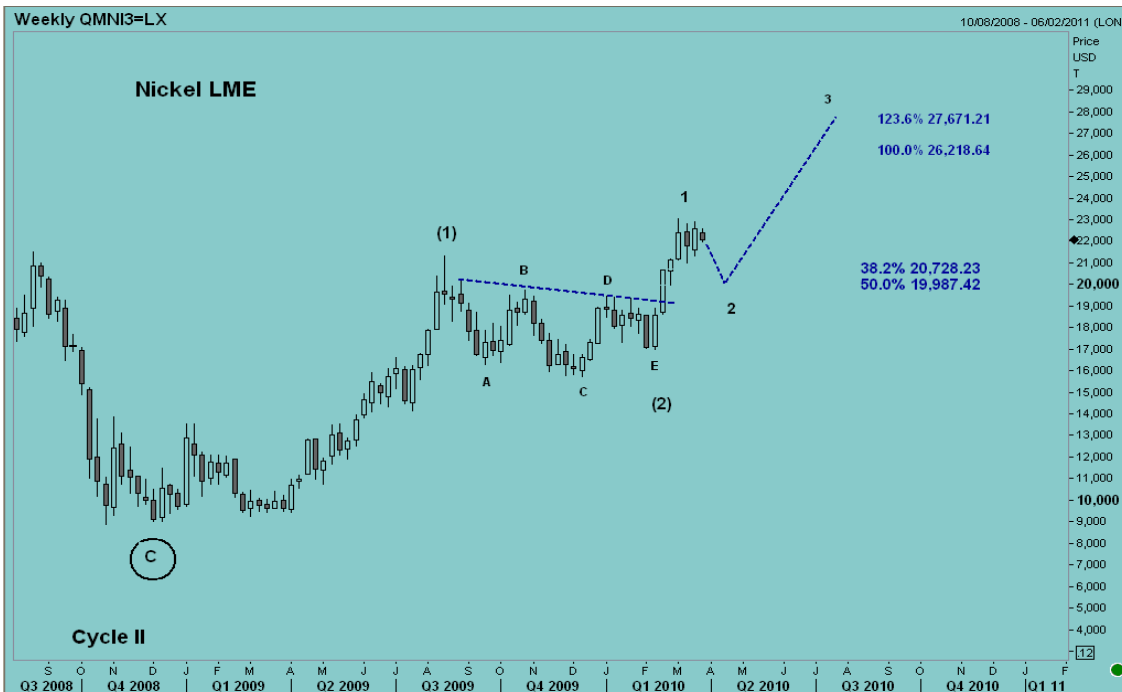




# NICKEL 3M-LME



### Factor to watch for

- Supply to outpace demand, as the market balance shows surplus of 7 thousand tonnes in 2010
- The World Bureau of Metal Statistics (WBMS) stated the nickel market to be in surplus of 500 tonnes in January 2010
- Starting of new mines and restart of existing mines adds to stockpiles, more than 3 times of 5-year average
- Vales SA's, the world's second-biggest producer, Goro mine in New Caledonia is about to start production in coming month
- Rio de Janeiro-based Vales mines to resume production in its Sudbury, Ontario, hiring outside workers

**Technical Analysis:** LME Nickel 3M forwards witnessed a rally after breaking a trend line resistance connecting both corrective wave B and D. After a significant rally market completed its minor wave 1 by truncation at 22900 and currently it's in correction mode (minor wave 2). Minor wave 2 is expected to terminate around 20,728 (38.2% retracement of the range 17050-23040) or it can extend up to 19987 levels (50% retracement of the range 17050-23040). As per expectation if market bottom out its corrective wave (minor 2) at 19987 or 20728 levels thereafter motive wave (minor 3) is expected to be in action, which is likely to terminate around 26220 or it can extend up to 27670 levels.

### Disclaimer:

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## Recommendations

### Short term:

*Nickel April MCX: Sell 1<sup>st</sup> lot at 1012 then 2<sup>nd</sup> lot at 1024 targeting 960 with stop loss above 1060*

### Long term:

*Nickel April MCX: Buy 1<sup>st</sup> lot at 960, 2<sup>nd</sup> lot at 940 targeting 1060 then 1100 with stop loss below 900*

(or)

*Nickel April MCX: Buy on break of 1060 targeting 1120 then 1170 with stop loss below 970*

