

Nickel-Ready to Excel:



Base metals showed promising gains in the last quarter of 2012 and after a small correction in first three weeks of this year, they are back on the bullish track with Copper, Aluminium, Lead and Zinc forming new weekly highs and Nickel even reaching new contract high. Picking up Nickel among the lot, we bring the fine facts that make this distant sibling of silver, the most attractive base metal this year.

Technically, the correction witnessed in three weeks of January can be captured as a channeled fall of ABC corrective pattern which usually occurs after a strong uptrend resulting in profit booking. The pattern thus completed second wave structure of February contract which further opened the ways for a third wave rally. We saw a phenomenal rally in last few days perfectly matching the pace of a third wave rise and taking prices to new contract high. Exciting participation and increasing open interest is suggesting that the third wave has just begun and the current rise is only one leg of the rally which is having fair chances of continuation. Fundamental news is slowly turning in favor with BNP Paribas and many other leading financial institutions and banks now citing that supply would hardly meet demand this year amid Bloomberg reviving up the average price by 15% for 2013. An expected strengthening of leading economies this year and a revival in demand for Steel are the strong facts to support the rally in Nickel. Coming back on the technical analysis part, breakout of above discussed channeled pattern was carrying high momentum and is likely to go in traders' remorse stage in days to come which would bring prices slightly down to test new supports and those level can be used to take fresh buy positions. **We recommend buy and accumulate in Nickel on dips between Rs 975-965 for targets in the range of Rs 1024-1050 with stop loss below Rs 940.**

Soybean – Bullish above Rs. 3400



Soybean prices have been trading in the broad range of Rs 2,900-3,400 since the last 4 months. Dry weather raised concerns over soybean production in Argentina, a key exporter. Export demand for Soybean is thus likely to increase in the near term.

Last month prices settled at around Rs 3,287.50 and currently March contract is trading at Rs 3,297. As per the Elliot wave theory:

- The corrective wave 4 is in its formation stage and intermediate *wave a'* within the 4th wave has been formed.
- Prices may retrace till Rs 3,643 which is 23.6% of wave 3 to intermediate *a'*.
- On sustained trade above, prices are likely to resist till Rs 4,096 which is 38.2% natural Fibonacci retracement.

But before that, prices have to sustain above the strong resistance of Rs 3,400. Prices are moving below short term moving average but still sustaining above medium term moving averages indicating strength in the trend. Other technical indicators like ADX (14) and RSI (14) are trading at 0.56 are also indicating positive mode for the coming month. **We recommend going long above Rs 3,400 targeting Rs 3,620 and then Rs 4,020 with stop loss below Rs 3,180.**

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