

NICKEL Analysis – LME Quotations

ANALYSIS OF 27 – 10 – 2008 the data used are referred to the first sitting of LME and are expressed in \$/ton

Comment: PRICES UNDER LEVEL 10000\$

During the fourth week of October nickel decreased by 14.54%, which means that the falls from the beginning of the month is -45%. The nickel quotations updated the yearly minimum values at level 9025\$, which are the values of 2003. Nickel, as all the other non-ferrous metals, is feeling the effect of the so heavy economic conjuncture and of the sharp appreciation of dollar against the European currency.

Analysis of the Trend

The short-, medium- and long-term trends are sharply down turned as confirmed by the weekly closing under the 18-, 50- and 200-day moving averages. The momentum indicators, which measure the strength of the trend in progress, are definitely in an oversold area.

Expectations: the technical picture is definitely negative

The volatility of nickel is increasing non-stop and the peaks were up to 30% on a weekly basis. Prices are now following a definitely down turned trend and they broke the very strong support at level 10000\$. Such threshold has a high psychological value too. The next target was singled out at level 8000\$ first and at level 6400\$ then. Due to the sharp oversold there might be rebounds of technical nature, which will not change the trend direction.

Fluctuation range expected for the futures:	between 12000\$ and 6400\$
Fluctuation range expected for the cash in \$:	between 11400\$ and 6300\$
Fluctuation range expected for the cash in €:	between 10000€ and 5000€

Operating Suggestions for Futures

Hold the short positions already open and in profit. Increase them under level 7900\$. Stop loss at 10150\$.

Operating Suggestions for the fixings on the physical metal

Values of the cash price in \$

- Who has to buy the physical metal:
Prices are very interesting for buys even though further falls are possible.
- Who has to sell the physical metal: we suggest closing contracts and take profit of the next days' rebounds.

Values of the cash price in €

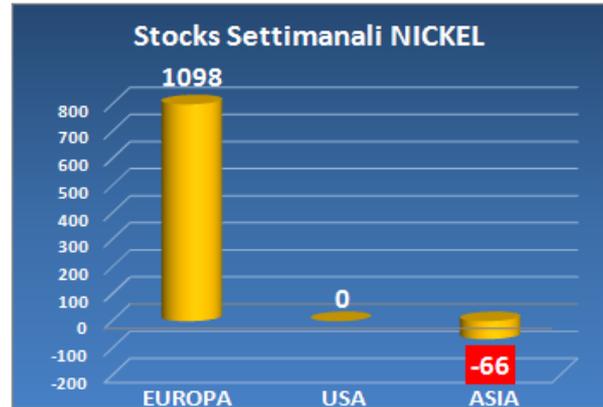
- Who has to buy the physical metal:
Prices are very interesting for buys even though further falls are possible.
- Who has to sell the physical metal: we suggest closing contracts and taking profit of the rebounds at level 7000€.

PRICES 3-MONTH FUTURES in \$ (daily)



Upturned Scenario	Down turned Scenario
1st resistance 10150	1st support 7900
2nd resistance 12000	2nd support 6400
Short-term historical trend: down turned	
Short-term expected trend: down turned	

SITUATION OF STOCKS



Stocks decreased in Asia (-66 t), they remained steady in US and they increased in Europe (+1098 t).

CASH PRICES in \$ (Daily)



Upturned Scenario	Down turned Scenario
1st resistance 9600	1st support 7650
2nd resistance 10600	2nd support 6200
Short-term historical trend: down turned	
Short-term expected trend: down turned	

CASH PRICES in € (Daily)



Upturned Scenario	Down turned Scenario
1st resistance 7850	1st support 6080
2nd resistance 8850	2nd support 5000
Short-term historical trend: down turned	
Short-term expected trend: down turned	

TECHNICAL INDICATORS

	3 Month Future in \$	Cash Prices in \$	Cash Prices in €
Last closing	9025	8810	6994.28
MAX 2008	33605	33200	21850.56
MIN 2008	9025	8810	6994.28
Max month	19455	19575	13522.38
Min month	9025	8810	6994.28
Spread cash-3 months: Contango 215\$			

(to fix the MIN and MAX values the only official prices of the first ring are taken into account)

CHART OF THE CASH PRICES IN DOLLARS



CHART OF THE CASH PRICES IN EUROS



Both charts here above are referred to the metal prices in dollars and euros. The chart of prices quotes the 18-, 50- and 100-day moving averages, while in the lower part of the chart you find RSI (Relative Strength Index), an indicator showing the relative strength of the metal and indications either of overbought (over level 70) or of oversold (under level 30).

At present RSI is in an oversold area.

Interpretation and use of the report:

The trend shows the main direction of the prices. The short-term trend is referred to a period of time from four to fifteen days. The medium-term trend is referred to a period of time from two-three to eight weeks. The trends mentioned in our charts are the ones in progress up to the day of the report.

In a rising trend the **resistance** is a price level opposing a further rise. As a result its steadiness may revert the trend, while its violation favours the rise.

The rising scenario is confirmed by the overcoming of the resistance levels.

In a falling trend **the support** is a price level opposing the further fall. Because of this its steadiness may revert the trend, while its violation favours the fall.

The falling scenario is confirmed by the violation of the support levels.

The moving average is a very important trend direction. When prices are over the average, usually the market is in a rising phase, while, when it's under the average, it's in a falling phase. The break of a moving average is significant either for the break or for the confirmation of the trend in progress. When the price line breaks the moving average from down upwards we have a rising signal. Vice versa, when we have a break from up downwards we have a falling signal.

The momentum indicator shows the trend strength in progress. It supplies indications about the possibility that the trend goes on along the started direction or changes it. Furthermore it shows excess situations called of overbought or oversold. If the moment is positive we are on a rising trend, if the trend is negative we are on a falling trend. If it's neutral, it means that the market has taken no precise direction.

Daily chart and weekly or monthly chart

The daily chart is used by analysts to determine the trend, and the resistance and support levels on the short term. The weekly or monthly chart is fit for fixing the trend and the support and resistance levels on the medium and long term.

DISCLAIMER: the indications given in this report are no recommendations at all to buy or to sell. They do represent a free interpretation of markets based on a technical analysis. Cell-Data e Win Consulting decline any responsibility concerning losses bound to trading.