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## NICKEL OUT LOOK FOR FEBRUARY 2017

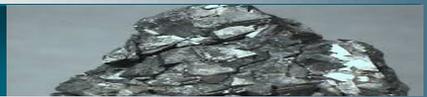
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**Nickel Outlook for 2017:-**

**Trade Nivesh Investment Advisor**



## **NICKEL:-**

Nickel is the main alloying metal used to produce certain types of stainless steels from the past many years. The lifespan and the durability of the products built with Stainless steel is better than some of the similar products built from not stainless steel material.

## **APPLICATIONS: –**

Nickel's 65% primary use is in the manufacturing of stainless steels, 20% of it is used in the production of other steel and non-ferrous alloys which is inclusive of super alloys. Other key usage of nickel is in the field of electroplating which constitutes 9%. It is also being used in manufacturing coin, which constitute 6% and to make certain chemicals. The demand for stainless steel increased in the mid 80's. Industries in the field of chemical engineering; paper and food processing have a huge demand for stainless steel due to its capacity to withstand heat and to increase resistance to corrosion and oxidation. Nickel is used in the manufacturing of super alloys, which have extensive usage in aerospace industries. Nickel along with cadmium and other alloys of nickels are used to make lightweight long lasting batteries and thus its usage in the electronic industry is also significant. This however is declining in significance due to the superiority of Lithium batteries.

**FUNDAMENTALS:** -Nickel prices have increased in the past five months. Now It is going on corrective phase since last month of December came after workers at Xstrata's nickel operations in Sudbury, Ontario, gave union leaders a strike mandate. Adding to this were delays in projects in Australia and New Caledonia added the supply problems. Statistics released by the General Administration of Customs say that the imports from China for Nickel Ore were 3.78 million last year, which is 6.8 times higher than the previous year. China's imports of Nickel Ore from Philippines. The growing Stainless Steel production industry in China has increased the demand for Nickel being one of the raw materials. In the immediate future we may see rise in prices backed by low inventories compared to increased demand. Supplies increasingly influence the Nickel market. A short fall of supply is likely to be expected due to challenges faced by new projects, which will take time to resolve. So the difference between the demand and supply.

**PRICE OUTLOOK:-**Nickel currently has favorable fundamentals. Shortage in the supply and increasing strong demand added with limited new projects are expected to keep prices higher. However, we must realize that risks at current prices are very low. Copper and Zinc, which faced exactly similar fundamentals, have recently shown as that markets generally tend to overestimate bullish scenarios (as they do the same in bear market). While Nickel fundamentals remain strong (as shown by available data), Nickel gained as

# NICKEL (FEB) MCX DAILY CHART



| Nickel Weekly Wrap Up |          |
|-----------------------|----------|
| Open                  | 675.70   |
| High                  | 680.60   |
| Low                   | 657.10   |
| Close                 | 659.50   |
| % Change              | -0.76    |
| Net                   | -5.10    |
| OI                    | 7180     |
| Value (in lacs)       | 4049.89  |
| Volume                | 6388     |
| Trend                 | sideways |

## TRADING STRATEGY:-

MCX NICKEL(FEB) traded with Negative bias in the previous month. Nickel (feb) contract now looking further bullish on weekly chart. For the next week we expect Nickel prices hold support in range of 645-655 levels as well revise from 650 levels. RSI is in the overbought conditions indicating prices may correct lower side. Fibonacci retracement Indicator are hold zero support line & it's indicator suggesting bullishness. Only a cross over below the zero line would suggest bearishness. Prices have closed below the short.

## RECOMMENDATION:-

| NICKEL(FEB) | STRATEGY    | LEVEL   | TGT-1 | TGT-2 | STOP LOSS |
|-------------|-------------|---------|-------|-------|-----------|
| BUY         | BUY ON DIPS | 655-660 | 700   | 740   | 615       |

## WEEKLY SUPPORT AND RESISTANCE :-

| SYMBOL | TREND    | R3     | R2     | R1     | PV     | S1     | S2     | S3     |
|--------|----------|--------|--------|--------|--------|--------|--------|--------|
| NICKEL | sideways | 712.73 | 689.23 | 674.37 | 665.73 | 650.87 | 642.23 | 618.73 |

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