Flash report: Nokia

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"Quantitative approach for asymmetric results"

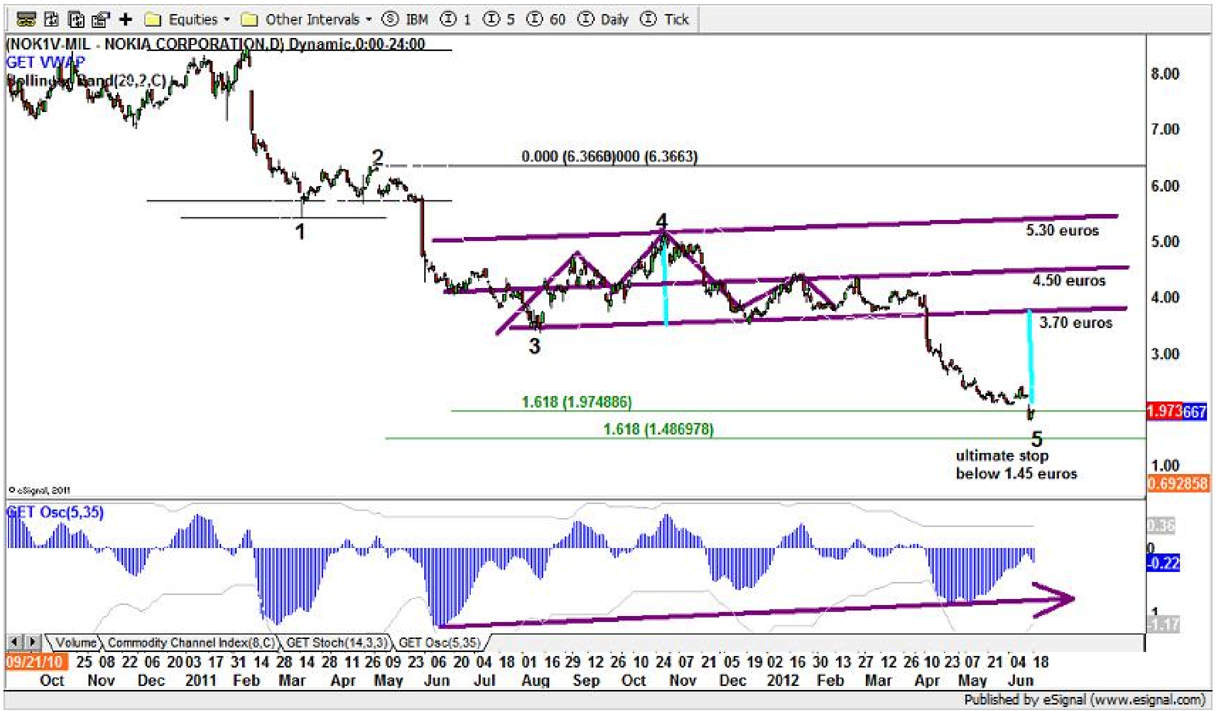
Update on the Capitulation that is still happening

Above you see the same chart I sent you in June, but now just with the time and new price action. As you can see I have been stopped in my previous trade and now Nokia did arrive to my second target for wave 5.

Even though is probably premature to have a confirmation, it seems that this week Nokia will post a bullish trend inversion weekly candle.

Therefore longs are welcome with a stop loss below this week low: 1.426 euro.

Just as a reminder, below you will find the report I sent on June 18th.



Nokia is completing a five waves downward movement probably as we speak. Very important signals on the capitulation are:

- Gap down with increased volume
- Divergence on the price oscillator
- Target achieved of 261.8% fibonacci extension
- Target achieved of the bearish head and shoulder

Below a brief explanation on the items presented above.

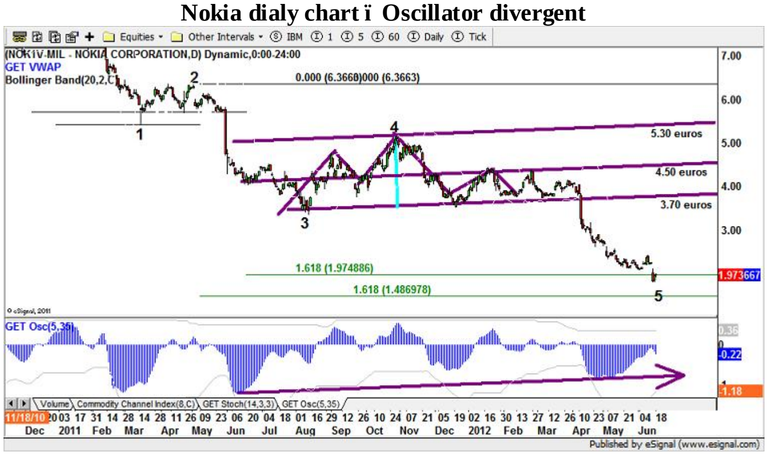
Nokia daily chart ï capitulation -

Capitulation happens when a strong movement down of an instrument must be accompanied by a spike in volume. This is indeed what happened in the last few days.

It is true that as can be seen by the chart, this type of spike in volume happened recently, and as in those instances, trading is possible just putting a stop loss below the recent low.

This time however, the bullish engulfing pattern brings more probability.

Nokia dialy chart ï Oscillator divergent

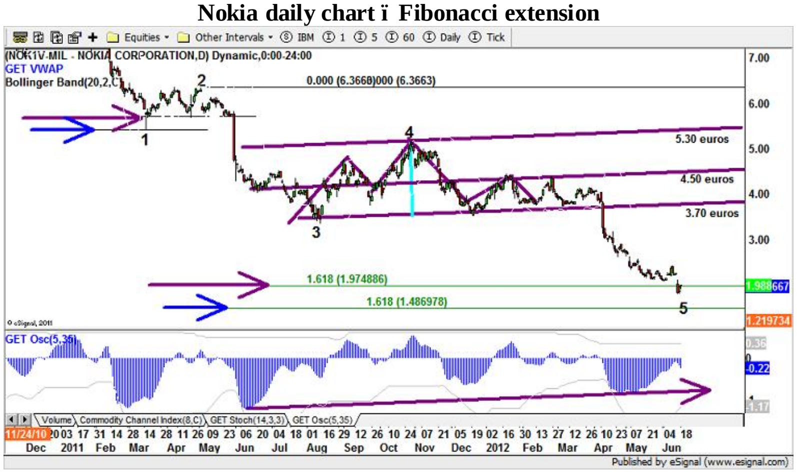


In my wave counting methodology wave 3 has the biggest increase in the price oscillator.

As you can see such spike happened in 2011 while right now even though price continued to fall the Oscillator didnõt increase that much, meaning less strength in the descent.

This oscillator divergence is the best way to spot wave 5, and in fact I am labeling the current low as wave 5.

Nokia daily chart ï Fibonacci extension



In the Elliott waves rules, an important one is that typically wave 3 and wave 5 are extensions of wave 1and 2.

As you can notice current price is the exactly 261.8% extension of wave 1 and 2.

You will see that I drew two extensions, a purple and a blue arrow. This is because it is debatable if it is correct to use the shadow of a candle or not in calculating the extensions / retracements.

The shadow I am referring to is the candle of March 15th 2011, which I labeled wave 1.

That is also why my protective stop is below such deeper extension, 1.45 euros.

Nokia daily chart ï bearish head and shoulder -

Lastly here is a very famous pattern to you all as I have been looking at this bearish head and shoulder in many items presented to you.
Current price is also the target of the bearish head and shoulder.

Here is my trading plan:

buy Nokia (25%) at current price, stop below recent low of 1.796 euros.

If stopped, will reconsider and probably re enter.

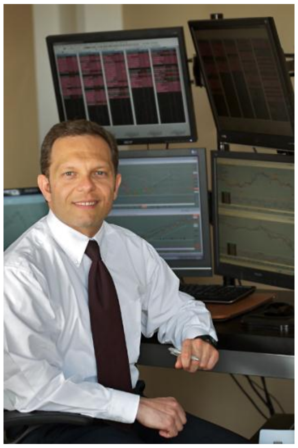
List of multiple targets / static resistances (as drawn in the chart)

3 euros

3.70 euros

4.50 euros

5.30 euros (final target as top of wave 4)



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on tradersô behavior.
Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

Useful Links:

European Central Bank:	www.ecb.int
Bank for International Settlements:	www.bis.org
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