Flash Report Norilsk Nickel

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"Quantitative approach for asymmetric results"

Norilsk Nickel: what the stock does, so commodities do?

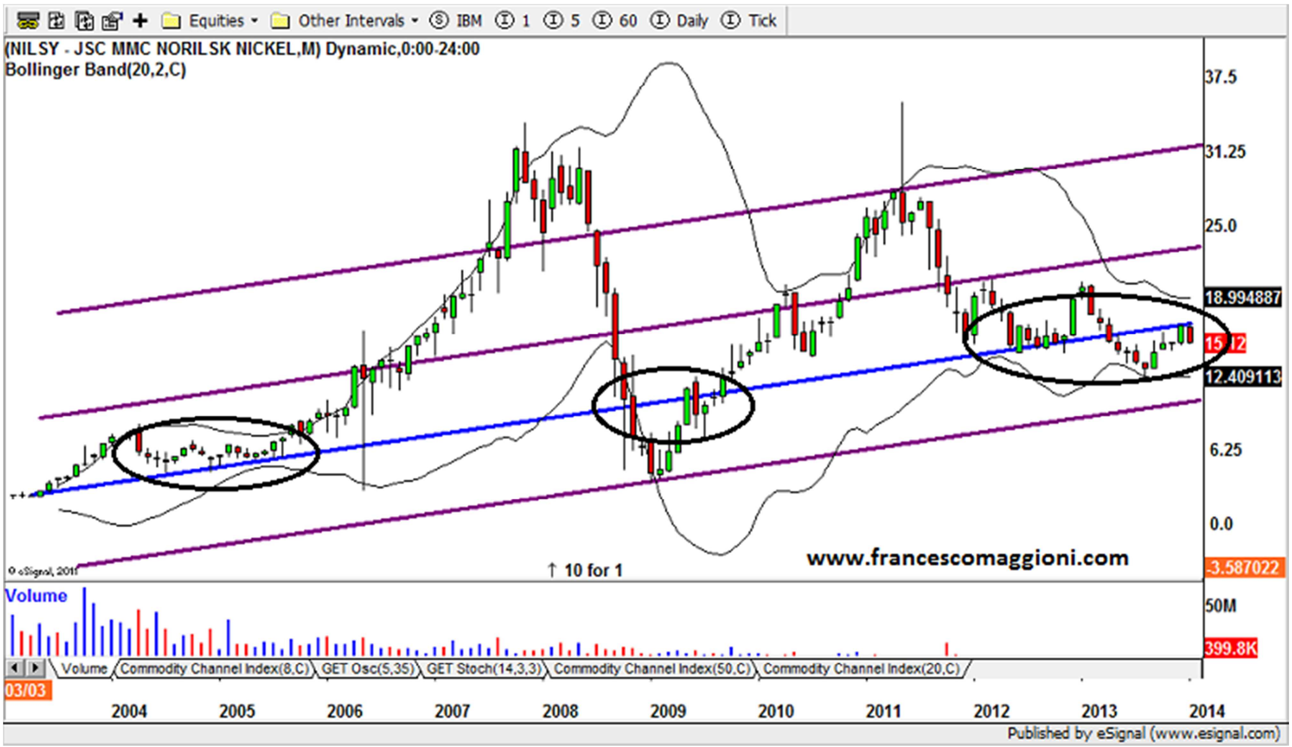


Figura 1: Norilsk Nickel (bloomberg ticker: NISY) monthly chart

The above is the monthly chart for the Russian company Norilsk Nickel, the giant mining company listed on the Nasdaq.

The trendlines you see have been found as copying and pasting the master one, which is the blue one. Not only the blue trend line seems to support all the major bullish movements that the stock has experienced but it kind of divides the chart in two. The upper side as a general bullish bias, the lower side a bearish bias. Luckily the stock spent very little time below such blue lines, but indeed it should make investors worried each time the stock fell below it, as it is the case now. You can see previous periods during which the stock moved around the blue line in the black circles.

Since 2011 the stock is also trending downward with lower lows and lower highs and no indication of a (even a short) trend inversion is in place.

The only reaction that the stock had, has been indeed at the touching of the blue line which propelled a little pull back, just for three months and then the downward movement has been restored, with the outright breaking of the support.

Very often once a support is broken, it is expected a retest of such level, a resistance now, before resuming its way down. This month’s candle is also a long red one, signaling that there are no hopes for any investor wishing to see the stock at higher levels.

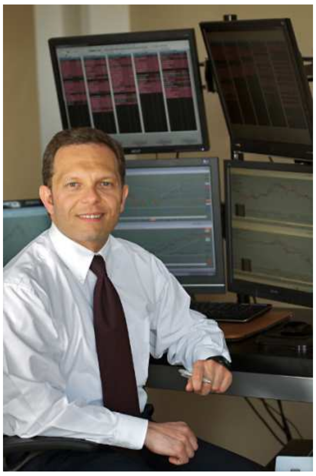
Currently then the final target is the lower trendline at around 10 usd. A weak support can be found around 12 usd however.

If the 10 usd support will be broken then expect at least a double bottom at 6.25 usd.

Chart starts to have a sort of bullish structure only with the violation of February 2013 highs at 20 usd.

It is interesting to note that on an intermarket analysis, this is one of the very few stocks that basically tanked for 12 months straight since January 2013 and since it is a mining stock, it says something about the current market cycle.

Similar to this stock it is worth noting that Copper has been sideways since 2012 while the US market arrived recently at historical highs. Is then such new high in equities a true “industrial renaissance”? Apparently not.



Mr. Maggioni has been working in the financial markets for the last 13 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 traders' 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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