

## COMMODITY STRATEGIES – SHORT TERM

Commodity prices are witnessing decline in the past few days owing to fears of monetary tightening in China. Increasing inventory for base metals and crude oil along with declining ETF holdings also contributed to the decline. So at this point in time, **KCTL research has come out with 4 strategies which are relatively less risky than naked positions.**

### STRATEGY-1: NICKEL – COPPER RATIO

- In the whole fall, nickel has been the most resilient and this is expected to continue in the near term as well. So we advice to buy nickel and sell copper

**Sell 2 lots of Copper(Feb) and Buy 3 lots of Nickel (Feb)** at current ratio of 2.75 Target: 3.06 & SL:2.54. Approx Margin required: ₹87,825 Target: ₹91,500 SL: ₹71,000. CMP – Nickel(Feb): ₹1,190, Copper(Feb): ₹432.

### STRATEGY-2: CRUDE OIL – COPPER RATIO

- Current crude oil - copper ratio is at 9.55. The year 2010 low is at 9.20 while high is at 12.08. So we expect the ratio to move higher in the near term and thereby recommend to buy crude oil and sell copper

**Sell 1 lot of Copper(Feb) and Buy 1 lot of Crude oil (Feb)** at current ratio of 9.55 Target: 10.49 & SL:9.10. Approx Margin required: ₹42,235 Target: ₹39,300 SL: ₹20,700. CMP – Crude Oil (Feb): ₹4127, Copper (Feb): ₹432.

### STRATEGY-3: GOLDMINI- COPPER RATIO

- Gold has declined substantially and so is poised for a trading bounce on the higher side. So we are recommend to buy goldmini and sell copper

**Sell 1 lot of Copper(Feb) and Buy 2 lots of Goldmini(Feb)** at current ratio of 46.48 Target: 50.49 & SL:44.49. Approx Margin required: ₹41,680 Target: ₹34,400 SL: ₹18,600. CMP – Goldmini (Feb): ₹20,080, Copper (Feb): ₹432.

### STRATEGY-4: COPPER & LEADMini-ZINCMini

- Lead has declined the most in the recent fall as huge stock build up was witnessed on London Metal Exchange. Zinc also followed the path and the lower levels of cancelled warrant ratio also contributed to this. So at the time of rebound, short covering might be more visible in them. So we recommend to buy leadmini, zincmini and sell copper.

**Sell 1 lot of Copper(Feb), Buy 2 lots of LeadMini(Feb) & Buy 2 lots of Zincmini(Feb)** Approx Margin required: ₹43,750 Target: ₹54,000 SL: ₹44,000. CMP – Leadmini (Feb): ₹113, Zincmini (Feb): ₹108 & Copper (Feb): ₹432.

**NOTE: All positions of a single strategy must be taken at the same time.**

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