

2 November 2006

# Nikkei 225 Index

## Risk Tolerance : HIGH

### Warrant: NIKKEI 16500 SGA ECW061207 D

- We recommend a Buy on the NIKKEI 16500 SGA ECW061207 D. Entry price set below S\$0.185.

- Target price set at 5-6 bids above entry price and cut loss set at 3-4 bids below entry price.

- NIKKEI 16500 SGA ECW061207 D has the highest traded volume among all the Call warrants that are traded. It also has the lowest premium of 2.82% among all the out-of-the-money Call warrants, thus making the NIKKEI 16500 SGA ECW061207 D our pick.

<b>Type</b>	: CALL
<b>Strategy</b>	: Initiation of LONG CALL
<b>Underlying:</b>	
Nikkei 225 Index	
<b>Warrant Name:</b>	
NIKKEI225 16500 SGA ECW061207 D	
<b>Warrant Code:</b>	
O04W	
<b>Bloomberg Code :</b>	
NKYW27 SP	

### Terms and Indicators

Strike (\$)	: 16,500
Gearing (x)	: 47.20
Delta (%)	: 46.01
Effective Gearing (x)	: 21.72
Implied Volatility (%)	: 20.03
Entitlement	: 25
Currency	: JPY
Maturity Date	: 07/12/06
Last Trading Day	: 01/12/06
Days to Maturity	: 35

Source: SG as at 01/11/06

### Quotes

<b>Underlying</b>	
Last Traded Price	: 16,375.26
Last Traded Vol (m)	: 103
<b>Warrant</b>	
Last Traded Price	: 0.185
Last Traded Vol (m)	: 6.263
Bid / Ask	: 0.180/0.190

Source: Bloomberg as at 01/11/06

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**NOTE: TECHNICAL ANALYSIS NOT APPLIED ON WARRANT PRICE CHART**  
**WARRANT LISTINGS**

Warrant Name	Maturity (D/M/Y)	Strike	Last Price	Effective Gearing
NIKKEI225 15500 SGA ECW061207	07/12/2006	15500	0.550	12.3
NIKKEI225 15000 SGA ECW061207 A	07/12/2006	15000	0.755	10.5
NIKKEI225 16000 SGA ECW061207 C	07/12/2006	16000	0.335	16.9
NIKKEI225 16500 SGA ECW061207 D	07/12/2006	16500	0.185	21.7
NIKKEI225 17000 SGA ECW061207 E	07/12/2006	17000	0.085	27.9
NIKKEI225 14800 SGA EPW061207	07/12/2006	14800	0.000	-28.4
NIKKEI225 14500 SGA EPW061207 A	07/12/2006	14500	0.000	-31.7
NIKKEI225 15200 SGA EPW061207 B	07/12/2006	15200	0.000	-26.9
NIKKEI225 15500 SGA EPW061207 C	07/12/2006	15500	0.000	-27.4
NIKKEI225 16000 SGA EPW061207 D	07/12/2006	16000	0.000	-23.9
NIKKEI225 16500 SGA EPW061207 E	07/12/2006	16500	0.225	-21.4
NIKKEI225 15400 DB ECW061211	11/12/2006	15400	0.500	11.3
NIKKEI225 15000 DB ECW070312	12/03/2007	15000	0.730	7.7
NIKKEI225 16000 DB ECW070312 A	12/03/2007	16000	0.465	9.2
NIKKEI225 16888 DB ECW070312 B	12/03/2007	16888	0.315	10.1
NIKKEI225 15800 DB EPW061211	11/12/2006	15800	0.075	-26.0
NIKKEI225 14600 DB EPW070312	12/03/2007	14600	0.070	-15.7
NIKKEI225 16300 DB EPW070312 A	12/03/2007	16300	0.370	-9.2

Source: Societe Generale,

**Technical View**

- The Nikkei 225 Index has suffered a moderate loss in comparison to the other indices over the last 2 trading days. It fell off after testing our 16,800 resistance level.
- The bearish candlestick formations signal further near-term downside for the index. Immediate support sits at 16,000.
- But the recent cut up on the 100 and 200-day moving averages by the 50-day moving average signals the index is regaining a bullish composure. This will be further confirmed when the 100-day moving average, which currently trends below the 200-day moving average, cuts above the 200-day moving average.
- We expect to witness the index rebound and climb above our immediate resistance of 16,800 and head towards its May high of 17,563.37 and surpass that level.

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*The analyst/analysts who wrote this report holds NIL shares in the above security.*

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*OCBC Investment Research's (OIR) technical comments and recommendations are short-term and trading oriented. However, OIR's fundamental views and ratings (Buy, Hold, Sell) are medium-term calls within a 12-month investment horizon. OCBC Investment Research's (OIR) Buy = More than 10% upside from the current price; Hold = Trade within +/-10% from the current price; Sell = More than 10% downside from the current price.*

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