

MARKETS NOT OUT OF WOODS YET

The deepening of sovereign-debt crisis in Euro zone and the concerns that it may break European currency, sent shock-waves in global markets once again. Furthermore, there's concern that if Europe implodes, the global recovery is jeopardized. This resulted in paring of 'weekly gains' in global equity markets, including ours, which started the previous week with strong rally, post announcement of USD 1 trillion bailout package for Eurozone countries, especially PIIGS countries (Portugal, Italy, Ireland, Greece and Spain), laden with sovereign debt problem.

On weekly basis NIFTY gained 75 points and closed 1.5% higher at 5093.50. SENSEX on weekly basis gained about 225 points and closed 1.34% higher at 16,995. These weekly gains have come in the back-drop of sharp 5% fall in indices in the prior week.

The BSE MID-CAP index rose 1.58% and the BSE SMALL-CAP index gained 1.16% over the week.

FII's net outflow in May 2010 totaled Rs 2355.70 crore (till 12 May 2010), could be due to redemption pressure for European funds in their home countries.

On the Macro front, IIP rose lower than expected at 13.5% in March 2010. The growth was also slower than February's 15.1%. Inflation woes continued in domestic economy. Headline Inflation, measured by WPI, advanced by 9.59 % in April 2010 after a 9.9 % gain in the previous month. On the positive side, auction of wireless airwaves may pay for country's biggest budget-deficit reduction in 19 years, as the government expects to earn at least 600 billion rupees (\$13.3 billion) from the sale. Earnings from the auction may be "over and above" the budget estimates for the current year, Higher revenue will help govt. to slash the budget shortfall to 5.5 percent of GDP in the current financial year from 6.9 percent in the previous year, the sharpest cut since March 1992. The government is also expecting a boost in tax collections, helped by faster economic growth.

The broader markets are still tottering under intense selling pressure on the back of shaky European markets. Rising debt concerns in Eurozone countries like PIIGS (Portugal , Italy , Ireland , Greece , and Spain) weighed on global markets, though IMF provided financial support to Greece .

Global cues are likely to dictate the trend in equity markets in the coming week. **Our Markets are once again likely to drift towards recent 'lows'. Acid test lies in the 4950~5000 range of NIFTY, which is also a strong Support zone for NIFTY on the downside (arising out of 200 DMA and 61% retracement). Stability in global markets and 'value-buying' around this range could help markets survive the acid-test.**

ECONOMY NEWS

Industrial output grew 13.5 per cent in March, the sixth straight month of double-digit expansion. The manufacturing sector led the charge, with output surging 14.3 per cent after a strong showing by the consumer durables and capital goods segments. March's industrial growth estimates were lower than the 15.1 per cent clocked in February and 16 per cent in January, weighed down by a partial withdrawal of stimulus measures and by a hike in interest rates. For fiscal 2009-10, the industrial growth, as measured by the Index of Industrial Production (IIP), was recorded at 10.4 per cent against 2.8 per cent in the previous financial year.

India's **inflation** continued to slip for the second straight month. April inflation, as measured by the wholesale price index (**WPI**), fell to 9.59% from 9.9% in March. Economists had expected inflation to come in at 9.5%.

India's annual food inflation rose 16.44 per cent for the week ended 1st May, reversing two consecutive weeks of decline, official data released on Thursday showed. The **food inflation** stood at 16.04 per cent the previous week. The **primary articles index** was up 16.76 per cent, compared to a rise of 13.93 per cent during the previous week. Fuel prices rose 12.33 per cent during the week ended 1st May, against 12.69 per cent during the last week.

CORPORATE NEWS

A Venezuelan natural gas exploration rig owned by India's **Aban Offshore** in alliance with Singapore-based Petromarine Energy Services Ltd sank in the Caribbean sea on Thursday (13th May). Most of the 95 workers escaped by boat after water apparently rushed into one of the giant submarine rafts supporting the football field-sized structure. The captain and three engineers stayed to try and fix the \$200 million rig. They dived to safety just as it lurched into the waves.

The Supreme Court of India on Tuesday (11th May) upheld the validity of amendments to the Companies Act, 2002 and in effect paved the way for setting up the National **Company Law Tribunal (NCLT)**. NCLT is to take over the functions of the Board for Industrial and Financial Reconstruction, the Appellate Authority for Industrial and Financial Reconstruction and the Company Law Board, besides that of the High Courts in cases relating to winding up of companies.

Months after announcing its intention to acquire the remaining 51 per cent stake of US-based Sara Lee Corporation in their joint venture, **Godrej Consumer Products Ltd (GCPL)** on 13th May (Thursday) said the agreement was done. It is a Rs 1,055-crore deal, subject to shareholder approval, for acquisition by GCPL of the entire stake in Godrej Sara Lee (GSL), the joint venture.

Reinforced polymer composites manufacturer **Kemrock Industries** and Exports Ltd commissioned India's first carbon fibre manufacturing facility at an investment of Rs 200 cr raised through a mix of debt, equity and internal accruals.

Telecom conglomerate BT may wait for Tech Mahindra to merge with **Mahindra Satyam** before it offloads a large portion of its stake in the Mumbai headquartered company. Telecom conglomerate BT may wait for Tech Mahindra to merge with Mahindra Satyam before it offloads a large portion of its stake in the Mumbai headquartered company.

The three **public sector oil companies** — Indian Oil Corporation Ltd (IOC), Oil India Ltd (OIL), and ONGC Videsh Ltd (OVL) — along with their consortium partners have inked a joint venture agreement for the \$20-billion Carabobo-1 project in Venezuela. The other two partners in the consortium are Spanish major Repsol and Malaysian Petronas.

Suven Life Sciences Ltd has announced that the Canadian patent office has issued a third product patent and Eurasian patent office has granted sixth product patent corresponding to the new chemical entity useful for treatment of disorders associated with neurodegenerative diseases.

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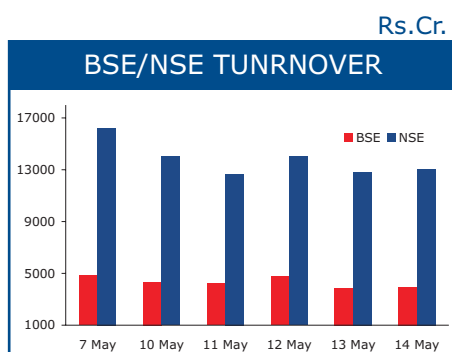
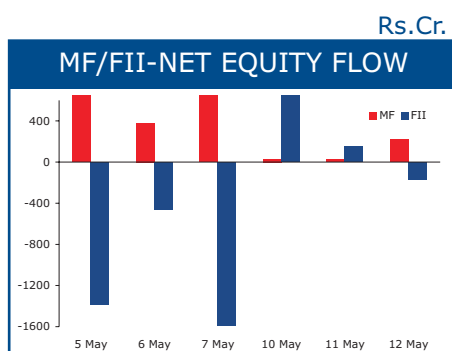
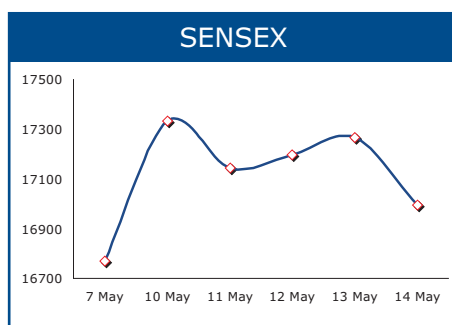
CORPORATE NEWS

Vedanta Resources Plc has signed an agreement with Anglo American Plc to acquire its subsidiary, Anglo American Zinc, for Rs 6,155 crore (\$1,338 million). One of the top five global zinc producers, Anglo American Zinc owns the Skorpion mine in Namibia and Lisheen in Ireland. It also owns 74 per cent in Black Mountain Mining where Exxaro Resources holds the balance. The two are developing the Black Mountain mine and the Gamsberg project in South Africa.

The Supreme Court of India on Friday (7th May) ruled in favour of Reliance Industries by 2:1 in the much awaited **RIL-RNRL gas row case**. The Apex Court said that the Ambani family MoU seeking to divide gas between Reliance Industries and Reliance Natural Resources Ltd was not binding, both legally and technically. The Court upheld the Govt's right to fix price and usage of gas, saying the fuel was a national asset that is to be used for larger good of the people of the country. The court asked both the parties to renegotiate the contract within the framework of government policy.

EVENTS

Date	Country	Event	Consensus	Previous
17/05/2010	Japan	Domestic CGPI (YoY) (APR)	-0.30%	-1.30%
	USA	Empire Manufacturing (MAY)	30	31.86
	USA	Net Long-term TIC Flows (MAR)	\$50.0B	\$47.1B
	USA	NAHB Housing Market Index (MAY)	20	19
18/05/2010	Japan	Consumer Confidence (APR)	- -	41
	UK	CPI (YoY) (APR)	3.50%	3.40%
	UK	RPI (YoY) (APR)	4.80%	4.40%
	Europe	Euro-Zone CPI (YoY) (APR)	1.50%	1.40%
	Europe	Euro-Zone Trade Balance (MAR)	- -	2.6B
	USA	Producer Price Index (YoY) (APR)	5.60%	6.00%
	USA	Housing Starts (APR)	650K	626K
	USA	Building Permits (APR)	675K	680K
19/05/2010	USA	ABC Consumer Confidence (16-May)	- -	-47
	Japan	Industrial Production YOY% (MAR F)	- -	30.70%
	UK	Bank of England Minutes (19-May)		
	Europe	Construction Output SA MoM (MAR)	- -	-3.30%
	USA	MBA Mortgage Applications (14-May)	- -	3.90%
	USA	Consumer Price Index (YoY) (APR)	2.40%	2.30%
	USA	Minutes of FOMC Meeting (19-May)		
20/05/2010	Japan	Gross Domestic Product (QoQ) (1Q P)	1.40%	0.90%
	India	Primary Articles WPI YoY (8-May)	- -	16.76%
	India	Fuel Power Light WPI YoY (8-May)	- -	12.33%
	UK	Retail Sales w/Auto Fuel (YoY) (APR)	1.80%	2.20%
	USA	Initial Jobless Claims (15-May)	440K	444K
	USA	Continuing Claims (8-May)	- -	4627K
	USA	RPX Composite 28dy YoY (MAR)	- -	-0.18%
	USA	Leading Indicators (APR)	0.20%	1.40%
	Europe	Euro-Zone Consumer Confidence (MAY A)	-16	-15
21/05/2010	Japan	BOJ Target Rate (21-May)	- -	0.10%
	Europe	ECB Euro-Zone Current Account SA (MAR)	- -	-3.9B
	Europe	PMI Services (MAY A)	55.4	55.6
	Europe	PMI Manufacturing (MAY A)	57	57.6
	Europe	PMI Composite (MAY A)	56.8	57.3
	UK	Total Business Investment(QoQ) (1Q P)	- -	-4.30%
	UK	M4 Money Supply (YoY) (APR P)	- -	3.60%



MARKET INDICATORS

Indices	14.05.10	07.05.10	Chg(Pts)	%Chg
NIFTY	5093.50	5018.05	75.45	1.50
SENSEX	16994.60	16769.11	225.49	1.34
BSEMICAP	6942.06	6834.25	107.81	1.58
BSEMLCAP	8810.28	8709.35	100.93	1.16
BSE-100	9070.92	8937.65	133.27	1.49
BSE-200	2160.45	2127.07	33.38	1.57
BSE-500	6819.04	6715.88	103.16	1.54
BSE IPO	2023.95	2012.20	11.75	0.58

SECTORAL INDICES

Indices	14.05.10	07.05.10	Chg(Pts)	%Chg
BSE REALTY	3289.70	3158.79	130.91	4.14
BSE AUTO	7792.42	7515.00	277.42	3.69
BSE CONS DURA	4654.01	4504.36	149.65	3.32
BSE BANKEX	10845.52	10505.86	339.66	3.23
BSE FMCG	2886.04	2818.32	67.72	2.40
BSE IT	5246.30	5135.15	111.15	2.16
BSE POWER	3024.89	2988.83	36.06	1.21
BSE HEALTH CARE	5366.53	5314.49	52.04	0.98
BSE OIL&GAS	9871.60	9820.61	50.99	0.52
BSE TECK	3187.47	3176.88	10.59	0.33
BSE PSU	8934.18	8907.05	27.13	0.30
BSE CAP GOODS	13226.85	13248.48	-21.63	-0.16
BSE METAL	15892.30	15961.82	-69.52	-0.44

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers			Top Losers		
Company	Price	Gain%	Company	Price	Loss%
M & M	559.85	6.98	BHARTI	264.45	-8.08
TATA MOTORS	815.75	6.98	RCOM	144.50	-5.46
HDFC BANK	1953.20	5.73	STERLITE	701.40	-1.81
DLF	298.75	4.81	TATA STEEL	548.55	-1.81
REL INFRA	1025.60	4.69	MARUTI	1257.95	-1.36

WEEKLY: A - GROUP GAINERS & LOSERS

Top Gainers			Top Losers		
Company	Price	Gain%	Company	Price	Loss%
GODREJ CONS	346.20	14.03	ABAN	831.25	-17.69
GODREJ IND	164.75	10.83	IDEA	56.95	-10.53
GLAXOPHARMA	2137.40	9.93	RNRL	47.40	-10.14
MUNDRA PORT	714.40	9.53	CIPLA	313.25	-8.35
TORNT POWER	335.25	8.57	BHARTI	264.45	-8.08

ADVANCE – DECLINE

BSE 30 Companies	
POSITIVE	19
NEGATIVE	11
UNCHANGED	0
TOTAL	30

A GROUP COMPANIES	
POSITIVE	118
NEGATIVE	78
UNCHANGED	2
TOTAL	198

WORLD INDICES

Index	14.05.10	07.05.10	Chg(Pts)	% Chg
NIFTY	5093.50	5018.05	75.45	1.50
SENSEX	16994.60	16769.11	225.49	1.34
DJIA	10620.16	10380.43	239.73	2.31
NASDAQ	2346.85	2265.64	81.21	3.58
FTSE	5262.85	5123.02	139.83	2.73
NIKKEI	10462.51	10364.59	97.92	0.94
BOVESPA	63412.47	62870.88	541.59	0.86
SHANGHAI	2696.63	2688.36	8.27	0.31
KOSPI	1695.63	1647.50	48.13	2.92
HANG SENG	20145.43	19920.29	225.14	1.13
STRAITS TIMES	2855.21	2821.11	34.10	1.21

BSE 200 GROUP

Scripts	CMP(Rs)	Weekly % Chg
Gainers		
BAJAJ FINSERV	538.40	34.97
GODREJ INDU	164.75	10.83
GLAXOPHARMA	2137.40	9.93
MUNDRA PORT	714.40	9.53
TORNT POWER	335.25	8.57
Losers		
ABAN	831.25	-17.69
IDEA	56.95	-10.53
RNRL	47.40	-10.14
CIPLA	313.25	-8.35
BHARTI	264.45	-8.08

US LISTINGS

Scripts	Close (\$)	% Chg
NYSE		
Dr Reddy	28.08	10.99
HDFC Bank	146.40	5.51
ICICI Bank	39.18	2.14
MTNL	2.88	-2.04
Patni	27.72	12.05
Satyam	5.13	5.56
SLT	15.40	0.72
Tata Motors	18.51	5.23
TCL	10.96	-2.23
WIPRO	21.55	6.05
NASDAQ		
Infosys	57.87	2.46

INSTITUTIONAL ACTIVITY (RS CR)

	For the week	For the month	For the year
FII	679.8	-2894.6	28839.3
Mutual Funds	-201.6	-874.2	-7879.9

NEGATIVE BIAS ON NIFTY UNTIL 5213 IS CROSSED DECISIVELY

It was a roller coaster ride for markets as benchmark indices saw wild swings during the week. While Monday was a big up day where Nifty surged 3.5%, on Tuesday the benchmark lost 1.1%. Wednesday and Thursday saw the benchmark closing with nearly half a percent gain but only after large intraday swings. On the last day of the week, Nifty plunged 1.6% to settle at 5093, up 1.5% on weekly basis.

Bias on Nifty continues to remain negative as the bearish lower-top lower-bottom formation is well intact on the daily chart as shown below. Technical indicators viz. RSI, MACD and ADX also continue to portray a negative picture. 5213, the high made during the week, is now the relevant top which will act as a strong resistance going forward. 4984, the low made on 7th May, is the crucial support, a breach of which can take Nifty all the way to around 4800, where trend line adjoining bottoms of November 2009 and February 2010 presents a support as shown in the weekly chart below.



SUPPORT-RESISTANCE LEVELS FOR FORTHCOMING WEEK (Next Week)

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
A.C.C.	892.80	887.63	907.17	921.53	873.27	853.73
ABB LTD.	673.40	709.13	748.27	823.13	634.27	595.13
AMBUJACEM	105.80	108.73	112.92	120.03	101.62	97.43
AXISBANK	1295.75	1272.58	1343.17	1390.58	1225.17	1154.58
BHARAT PETRO	549.00	546.87	562.13	575.27	533.73	518.47
BHARTIARTL	264.55	272.35	290.20	315.85	246.70	228.85
BHEL	2359.30	2395.77	2440.53	2521.77	2314.53	2269.77
CAIRN	291.40	294.35	301.70	312.00	284.05	276.70
CIPLA	313.15	322.65	335.50	357.85	300.30	287.45
DLF	298.55	299.33	309.17	319.78	288.72	278.88
GAIL	427.75	429.92	438.83	449.92	418.83	409.92
GRASIM IND.	2637.10	2630.13	2695.27	2753.43	2571.97	2506.83
HCL TECHNOLO	405.40	400.13	415.27	425.13	390.27	375.13
HDFC BANK	1951.75	1925.58	2021.17	2090.58	1856.17	1760.58
HERO HONDA	1876.80	1898.87	1926.63	1976.47	1849.03	1821.27
HINDALCO	163.40	168.03	173.37	183.33	158.07	152.73
HINDUNILVR	233.90	241.42	249.48	265.07	225.83	217.77
HOUS DEV FIN	2776.80	2781.43	2814.87	2852.93	2743.37	2709.93
ICICI BANK	911.05	911.22	933.83	956.62	888.43	865.82
IDEA	57.10	58.68	63.62	70.13	52.17	47.23
IDFC	165.20	162.98	169.97	174.73	158.22	151.23
INFOSYS TECH	2651.90	2666.30	2712.60	2773.30	2605.60	2559.30
ITC	268.15	264.55	276.60	285.05	256.10	244.05
JINDL STL&PO	650.85	665.28	682.57	714.28	633.57	616.28
JPASSOCIATEQ	129.60	131.95	134.90	140.20	126.65	123.70
LT EQ	1529.35	1567.97	1614.93	1700.52	1482.38	1435.42
MAH & MAH	559.80	554.25	580.45	601.10	533.60	507.40
MARUTI	1259.50	1268.80	1290.70	1321.90	1237.60	1215.70
NTPC EQ	205.85	205.77	208.53	211.22	203.08	200.32
ONGC CORP.	1044.55	1040.28	1059.77	1074.98	1025.07	1005.58
PNB	1010.05	1035.18	1071.77	1133.48	973.47	936.88
POWERGRID	106.25	106.88	108.27	110.28	104.87	103.48
RANBAXY LAB.	457.45	466.07	485.78	514.12	437.73	418.02
RCOM	144.40	147.83	153.27	162.13	138.97	133.53
REL.CAPITAL	676.20	693.73	719.47	762.73	650.47	624.73
RELIANCE	1043.65	1057.35	1079.70	1115.75	1021.30	998.95
RELINFRA	1025.90	1030.55	1079.85	1133.80	976.60	927.30
RPOWER	145.05	145.78	154.07	163.08	136.77	128.48
SIEMENS	661.95	674.70	693.05	724.15	643.60	625.25
STATE BANK	2224.25	2261.62	2311.63	2399.02	2174.23	2124.22
STEEL AUTHOR	208.20	212.12	217.08	225.97	203.23	198.27
STER EQ	701.30	719.80	742.90	784.50	678.20	655.10
SUN PHARMA.	1591.95	1575.15	1616.70	1641.45	1550.40	1508.85
SUZLON	65.60	67.12	69.18	72.77	63.53	61.47
TATA POWER	1335.15	1328.22	1371.63	1408.12	1291.73	1248.32
TATA STEEL	547.95	567.42	589.33	630.72	526.03	504.12
TATAMOTORSEQ	816.25	806.23	846.92	877.58	775.57	734.88
TCS EQ	763.85	783.95	822.90	881.95	724.90	685.95
UNITECH LTD	76.45	77.23	80.32	84.18	73.37	70.28
WIPRO	666.40	666.42	692.68	718.97	640.13	613.87

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RATING INTERPRETATION

BUY	Expected to appreciate more than 20% over a 12m period
ACCUMULATE	Expected to appreciate up to 20% over a 12m period
OUTPERFORMER	Expected to outperform Sensex/Sector by 5 to 15%
UNDERPERFORMER	Expected to underperform Sensex/Sector by 5 to 15%
SELL	Expected to depreciate more than 20% over a 12m period
NOT RATED	No specific call on the stock

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