

DAILY MARKET OUTLOOK

Market Snapshot

Yesterday, markets made further inroads into the positive in the final trading hour backed by sustained buying activity across index heavyweights to close well above breakeven. While software, steel and telecom stocks led the rally, FMCG and cement stocks lost ground. Global markets, while the Asian indices closed a mixed bag. The BSE Sensex closed at 13,160 (up 222 points) while the NSE Nifty closed at 3,811 (up 65 points).

NSE cash volumes were slightly lower compared to the previous day at INR 81 bn while BSE cash volumes were marginally better at INR 40 bn. The F&O volumes were also lower at INR 315 bn

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has reduced to 26-27% levels. The WPCR of Nifty Options decreased to 0.89 compared to the previous day while the 5 day average is 0.90.

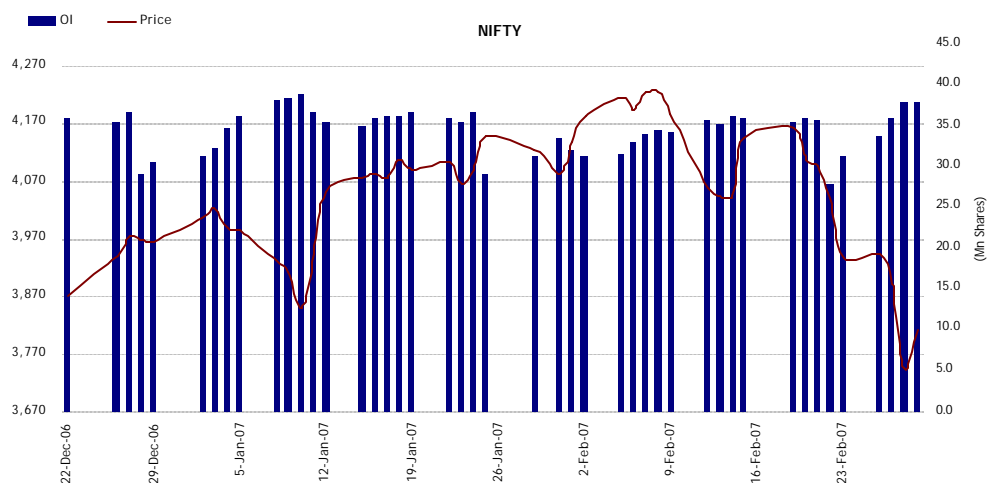
Outlook

Yesterday's pull back happened on low volumes and the market breadth remained largely in favor of the declines. The market is expected to be range bound in today's session, taking cues from global indices. A lot of market players are waiting on sideline for clear signal to emerge. With concerns of a slowdown in the US economy, market participants are jittery to take fresh positions in the short term.

Nifty, which saw significant short buildup in the previous few trading sessions, saw the OI remaining unchanged in yesterday's trading session. However there was significant activity in the Nifty futures during the day signaling participants riding on intra day movement without taking directional call on the broader market movement.

IT, FMCG and select pharma stocks such as Auro Pharma are expected to outperform the broader market. However we suggest the investors taking long positions in the market to hedge their positions by shorting Nifty futures.

Nifty's support levels are at 3757 and 3702. The resistance level for Nifty is at Nifty at 3853.



March 1, 2007

Sunil Jain
 +91-22-2286 4308
 sunil.jain@edelcap.com

Yogesh Radke
 +91-22-2286 4328
 yogesh.radke@edelcap.com

Market Snapshot

	1-Mar	28-Feb	% Chg
Nifty	3811.2	3745.3	1.8
Sensex	13159.6	12938.1	1.7
BSE MidCap	5522.6	5508.7	0.3
BSE SmallCap	6712.9	6705.9	0.1

Mar Futures			
Average ICC (p.a)**	8.4%	4.6%	84.9

Volume (INR mn)			
Futures	275,735	403,627	-31.7
Call	36,281	44,407	-18.3
Put	27,444	36,356	-24.5
Total	339,460	484,391	-29.9
NSE Cash Vol.	100,610	126,867	-20.7
BSE Cash Vol.	43,970	58,258	-24.5

Open Interest (INR mn)			
Futures	374,628	365,985	2.4
Call	75,655	66,575	13.6
Put	63,881	57,631	10.8
Total	514,164	490,191	4.9

Put Call Ratios			
PCR	0.77	0.84	-7.4
WPCR	0.75	0.82	-8.9
OI PCR	0.87	0.89	-2.5
Total OI/ Volume	1.51	1.01	49.7

Nifty IVs at 26 - 27% levels.

FII Activity* (INR Mn) (28-Feb)

Volume	Buy	Sell	Net
Cash	30,487	46,930	(16,443)
Index Futures	29,595	33,550	(3,955)
Stock Futures	12,483	9,045	3,438
Total	72,565	89,525	(16,960)

Open Interest	28-Feb	27-Feb	% Chg
Index Futures	136,534	138,996	(1.8)
Stock Futures	149,197	156,636	(4.7)
Total F&O OI	341,308	346,718	(1.6)

Mutual Fund Activity* (INR Mn) (28-Feb)

Volume	Buy	Sell	Net
Equity	12,247	9,813	2,434

*FII & MF Data is reported a day late

** Avg of positive ICC's

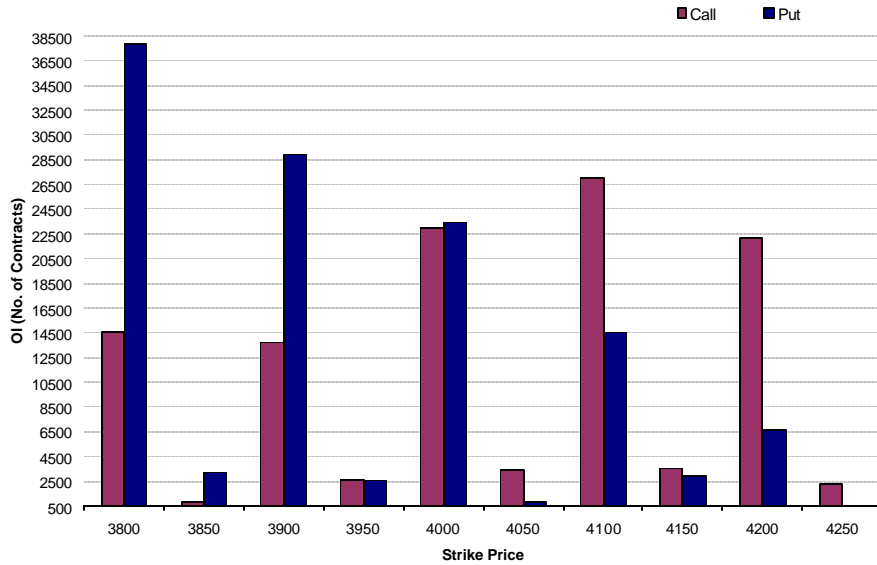
Pending Calls

Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
Suzlon	Buy	2-Mar-07	1069.7	-	The stock is trading at attractive valuations and has been an outperformer in the last few trading sessions. We feel these are good levels to enter the scrip and suggest going long.
M&M	Buy	2-Mar-07	805.2	-	The company is in the race to acquire Punjab tractors and is the acquisition of this bodes well for the company with the final bids coming out on March 5th, we remain positive on the scrip.
JSW Steel	Buy	2-Mar-07	480.8	-	The counter has seen a lot of buying interest off late which is evident from the buld deals. Also a price hike in eurpoe and low inventory levels in the developed markets have led to an increase in steel prices by 1000/tonne.
Infosys	Buy	2-Mar-07	2159.2	-	We are bullish on the IT sector and we pick Infosys as our best pick as the stock has been a lagard compared to peers off late and also the news on MAT in the budget has been overplayed.

Closed Calls

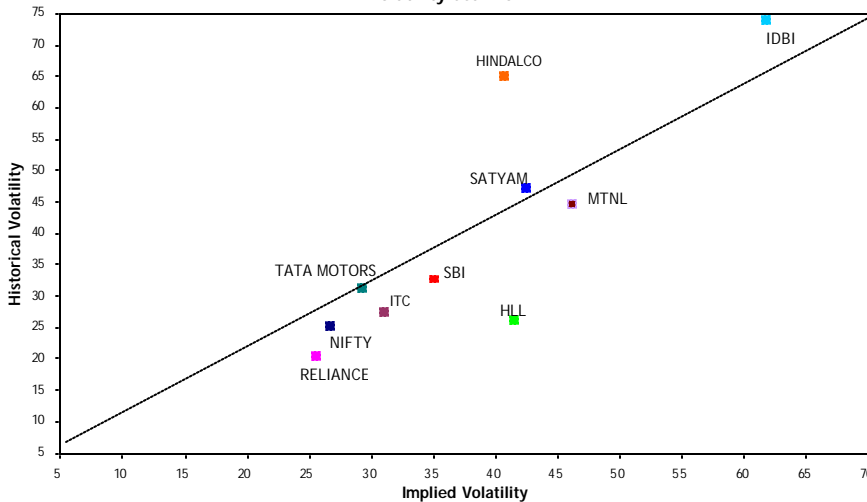
Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Cinemax	Buy	15-Feb-07	152.4	20-Feb-07	174.1	14%
Suzlon	Buy	21-Feb-07	985.5	28-Feb-07	1052.1	7%
HCLTech	Buy	19-Feb-07	675.0	28-Feb-07	693.6	3%
NTPC	Buy	27-Feb-07	142.4	28-Feb-07	142.6	0%
ABirlaNuvo	Buy	5-Feb-07	1273.6	28-Feb-07	1251.4	-2%
Satyamcomp	Buy	27-Feb-07	459.2	28-Feb-07	450.5	-2%
ABB	Buy	19-Feb-07	3804.4	28-Feb-07	3693.2	-3%
Bhartiartl	Buy	12-Feb-07	752.0	28-Feb-07	723.5	-4%

Nifty OI Distribution



- Maximum OI was added to 3800 call [increase of 61.5%] , 3900 Call [increase of 2.9%] and 3760 put [increase of 4.1%]
- Maximum Volumes were witnessed by 3800 & 3900 Call and 3700 & 3800 Put.

Volatility Scanner



Nifty IVs at 26%-27% levels

High IVs

- HILL IVs are quoting at 41% as against HV's of 26%
- ITC IVs are quoting at 31% as against HV's of 27%.
- SBI IV's are quoting at 35% as against HV's of 33%.

Sectoral Open Interest Build Up (Contracts) for 1 days

Sector	OI	OI -D	% OI Chg	% Prc Chg
Cement	41236	38641	6.72%	-2.7%
FMCG	44387	43170	2.82%	-0.1%
Metals & Mining	95211	92950	2.43%	0.0%
Banking	154119	151022	2.05%	1.6%
Chemicals	10767	10577	1.80%	-0.7%
Auto	54148	53194	1.79%	-0.1%
IT	91082	89885	1.33%	3.8%
Pharma	47706	47375	0.70%	2.3%
Telecom	66202	66337	-0.20%	2.5%
Textile	24754	24853	-0.40%	-0.6%
Oil & Gas	144032	145243	-0.83%	0.0%
Construction	45226	45614	-0.85%	2.0%
Power	32521	33060	-1.63%	1.6%
Engineering & Capital Goods	52916	53923	-1.87%	1.8%

- Amongst all the sectors, the IT sector was up the most. Wipro, HCL Tech and TCS all were up 5% and witnessed some long side build up.
- In the Telecom space, VSNL was the front runner with a 4% rise in price and OI
- In the Construction sector, IVRCL and HCC were up close to 6% with a marginal fall in OI.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
IFCI Ltd	14	97,217	10.5	57
Jaiprakash Associates	13	995	(2.0)	7
SAIL	13	19,575	0.1	(17)
Gujarat Amb	12	30,029	(3.5)	(18)
CESC Ltd	12	992	0.7	3
Cipla	11	3,036	(1.0)	(19)
Grasim	11	1,007	(2.2)	(20)
Patni Computer	11	387	1.5	71

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
CNX IT	(23)	10	4.2	(63)
Shree Renuka Sugars	(15)	591	5.2	(48)
Wockhardt	(14)	686	9.1	122
Voltas	(12)	2,012	2.9	21
GMR Infrastructure	(12)	3,300	7.2	(28)
Sobha Developers	(9)	838	2.7	(42)
NTPC	(8)	8,138	1.5	(59)
UTI Bank	(8)	974	5.2	(1)

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
IFCI Ltd	10.5	14	97,217	57
Wockhardt	9.1	(14)	686	122
Mphasis Ltd	7.6	(7)	7,520	17
Sesa Goa	(7.5)	3	1,664	135
GMR Infrastructure	7.2	(12)	3,300	(28)
Neyveli Lignite	6.7	2	4,053	370
Hindustan Construction	6.0	(3)	6,881	(6)
GTL Ltd	5.8	1	4,703	8

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Strides Arcolab	431	158	4.3	(2)
Neyveli Lignite	370	3,245	6.7	2
Sesa Goa	135	3,325	(7.5)	3
Wockhardt	122	599	9.1	(14)
Chennai Petroleum	118	22	(2.4)	0
Patni Computer	71	308	1.5	11
Hinduja TMT	63	62	(0.6)	4
IFCI Ltd	57	223,532	10.5	14

F&O CROSSOVER: -

Focus Stocks

- o Negatives: Nifty, HLL, HPCL, Infosys, NTPC, ONGC, Reliance, Satyam, TCS.

Portfolio Tracker

1-Mar-07

Scrip	Reco	Score	1-Mar-07	28-Feb-07	Reco Date	Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Sell	(1)	(1)	(1)	27-Feb	3,894	3,811	2	2.1%	3,933
ACC	Sell	(1)	(3)	(3)	19-Feb	1,016	876	10	13.7%	920
GAIL	Neu**	(1)	1	1	1-Mar	281	281			
HLL	Sell	(1)	(1)	(1)	29-Jan	215	176	31	18.1%	185
HPCL	Sell	(5)	(5)	(5)	26-Feb	277	268	3	3.3%	282
ICICI Bank	Sell	(1)	(5)	(5)	22-Feb	946	855	7	9.6%	871
Infosys	Sell	(1)	(1)	(1)	15-Feb	2,383	2,159	14	9.4%	2,181
IPCL	Neu**	(1)	(1)	(1)	27-Feb	260	261			
Maruti	Sell	(5)	(5)	(5)	23-Feb	864	841	6	2.6%	883
MTNL	Sell	(3)	(5)	(5)	21-Feb	143	134	8	6.4%	140
NTPC	Sell	(1)	(1)	(1)	21-Feb	143	142	8	0.4%	147
ONGC	Sell	(5)	(5)	(5)	21-Feb	873	796	8	8.8%	827
Polaris	Sell	(1)	(1)	(1)	22-Feb	208	181	7	12.6%	184
Reliance	Sell	(3)	1	1	1-Mar	1,368	1,368			1,436
Satyam	Sell	(5)	(5)	(5)	20-Feb	478	436	9	8.8%	435
SBI	Sell	(5)	(5)	(5)	20-Feb	1,108	1,056	9	4.7%	1,094
SCI	Sell	(3)	(5)	(5)	27-Feb	178	169	2	5.2%	177
TCS	Sell	(5)	(5)	(5)	21-Feb	1,284	1,255	8	2.3%	1,253
Tata Motors	Sell	(3)	(5)	(5)	22-Feb	835	789	7	5.5%	822
Tatasteel	Neu**	5	3	3	28-Feb	443	451			

Buy/ Sell/ Neutral = 0/17/3

o GAIL moves into Neutral Mode due to Whipsaw.

o Reliance moves into Sell Mode due to Price and Volume indicators turning Negative.

Trailing Stop Loss at 5% i.e. 5% below the peak price since the recommendation date in case of a Buy and 5% above the lowest price since recommendation date in case of a Sell. Once the stop loss is hit the recommendation will become neutral and will be reviewed only after 3 trading days. In the event of a whipsaw also the recommendation will become neutral and will remain so for a period of 3 days.

Blue Nos. indicate increase over last day, Red Nos. indicate decrease over last day

Edelweiss Securities

14th Floor, Express Towers,
Nariman Point, Mumbai – 400 021
Board: (91-22) 2286 4400
Email: research@edelcap.com



Naresh Kothari – 2286 4246

Head, Institutional Equities

Vikas Khemani – 2286 4206

Head, Institutional Equities

INDIA RESEARCH		SECTOR	INSTITUTIONAL SALES	
Shriram Iyer	- 2286 4256	Head – Research	Nischal Maheshwari	- 2286 4205
Gautam Roy	- 2286 4305	Airlines, Textile	Rajesh Makharia	- 2286 4202
Ashutosh Goel	- 2286 4287	Automobiles, Auto Components	Shabnam Kapur	- 2286 4394
Vishal Goyal, CFA	- 2286 4370	Banking & Finance	Amish Choksi	- 2286 4201
Revathi Myneni	- 2286 4413	Cement	Balakumar V	- (044) 4263 8283
Sumeet Budhraj	- 2286 4430	FMCG	Monil Bhala	- 2286 4363
Harish Sharma	- 2286 4307	Infrastructure, Auto Components, Mid Caps	Ashish Agrawal	- 2286 4301
Priyanko Panja	- 2286 4300	Infrastructure, Engineering, Telecom	Nikhil Garg	- 2286 4282
Hitesh Zaveri	- 2286 4424	Information Technology	Swati Khemani	- 2286 4266
Parul Inamdar	- 2286 4355	Information Technology	Neha Shahra	- 2286 4276
Priyank Singhal	- 2286 4302	Media, Retail	Priya Ramchandran	- 2286 4389
Prakash Kapadia	- 2286 4432	Mid Caps	Anubhav Kanodia	- 2286 4361
Niraj Mansingka	- 2286 4304	Oil & Gas, Petrochemicals	Tushar Mahajan	- 2286 4439
Nimish Mehta	- 2286 4295	Pharmaceuticals, Agrochemicals	Harsh Biyani	- 2286 4419
Manika Preamsingh	- 4019 4847	Economist	Nirmal Ajmera	- 2286 4258
Sunil Jain	- 2286 4308	Alternative & Quantitative	Ankit Doshi	- 2286 4671
Yogesh Radke	- 2286 4328	Alternative & Quantitative	Ravi Pilani	- 4009 4533
			Dipesh Shah	- 2286 4434

Email addresses: firstname.lastname@edelcap.com

e.g. naresh.kothari@edelcap.com

unless otherwise specified

RATING INTERPRETATION

Buy	Expected to appreciate more than 20% over a 12-month period	Reduce	Expected to depreciate up to 10% over a 12-month period
Accumulate	Expected to appreciate up to 20% over a 12-month period	Sell	Expected to depreciate more than 10% over a 12-month period
Trading Buy	Expected to appreciate more than 10% over a 45-day period	Trading Sell	Expected to depreciate more than 10% over a 45-day period

This document has been prepared by Edelweiss Securities Private Limited (Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Edelweiss and affiliates to any registration or licensing requirements with in such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.