

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened with a huge positive gap of 158 points at 12,573. After advancing to higher levels, the market witnessed intra-day profit taking wherein the index touched a low of 12,427. The index, however, bounced back to higher levels backed by aggressive buying in technology stocks. The Sensex rallied to a high of 12,760, before settling with a gain of 282 points (2.3%) at 12,697. Nifty gained 80(2.3%) points to close at 3655.

The NSE & BSE cash volumes were slightly lower compared to the previous day at INR 84 bn and INR 38 bn. The F&O volumes were a touch higher at INR 354 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has decreased to 30-31% levels. The WPCR of Nifty Options increased to 1.17 compared to the previous day while the 5 day average is 0.87.

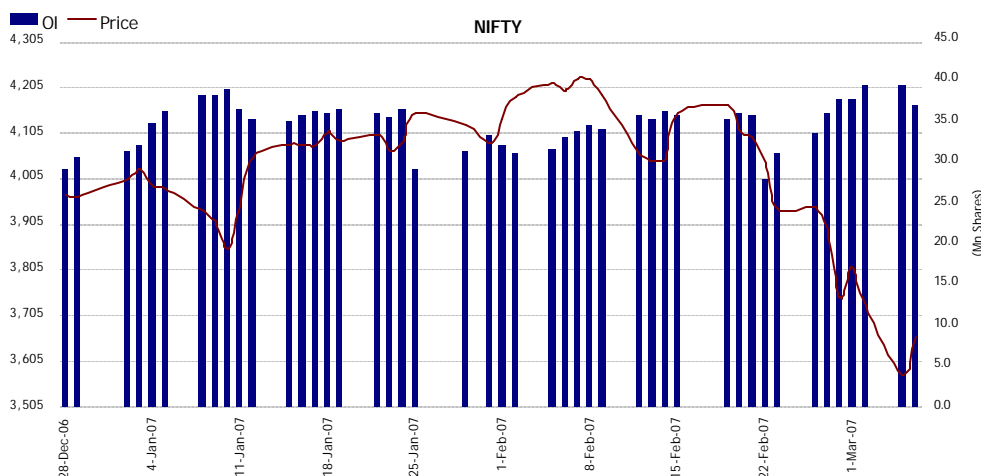
Outlook

We expect the market to open marginally positive taking cues from its Asian peers. The US wage and production data and Yen carry trade has brought some comfort to dollar and interest rate markets across the world softening the negative tone.

We expect the IT sector lead by Satyam, WIPRO, Infosys and other Telecom stocks to outperform the market. Cement sector may see continued selling after the cement manufacturers have agreed to lower their prices.

Yesterday, FII's bought INR 1338 CR of Index futures indicating investor's sentiments to take positions in broader market over single stocks. Nifty OI also saw a fall on Tuesday after 6 consecutive days of OI buildup implying short covering. We expect this short covering to continue as there is some large OI in Nifty leading to a reduction in discount for Nifty futures over spot.

In the last five weeks Nifty has fallen by around 700 points from its all time high of 4245. Technical charts expect a bounce back to 3800. 3591 and 3561 are support levels for Nifty. The immediate resistance is at 3740 and 3800.



March 7, 2007

Market Snapshot

	6-Mar	5-Mar	% Chg
Nifty	3655.7	3576.5	2.2
Sensex	12697.1	12415.0	2.3
BSE MidCap	5219.5	5194.4	0.5
BSE SmallCap	6259.5	6270.8	-0.2

Mar Futures

Average ICC (p.a)**	6.7%	4.7%	42.3
---------------------	------	------	------

Volume (INR mn)

	286,380	279,020	2.6
Futures			
Call	33,696	32,991	2.1
Put	33,942	20,589	64.9
Total	354,018	332,599	6.4
NSE Cash Vol.	83,612	85,509	-2.2
BSE Cash Vol.	38,163	39,964	-4.5

Open Interest (INR mn)

	345,294	349,589	-1.2
Futures			
Call	86,908	79,774	8.9
Put	70,222	62,110	13.1
Total	502,425	491,473	2.2

Put Call Ratios

	1.03	0.63	61.9
PCR			
WPCR	1.00	0.65	53.1
OI PCR	0.82	0.80	3.7
Total OI/ Volume	1.42	1.48	-4.0

Nifty IVs at 30 - 31% levels.

FII Activity* (INR Mn) (5-Mar)

Volume	Buy	Sell	Net
Cash	28,629	31,756	(3,127)
Index Futures	21,114	21,990	(876)
Stock Futures	6,421	6,882	(461)
Total	56,164	60,628	(4,464)

Open Interest

	5-Mar	2-Mar	% Chg
Index Futures	138,512	138,719	(0.1)
Stock Futures	142,992	149,994	(4.7)
Total F&O OI	343,421	350,049	(1.9)

Mutual Fund Activity* (INR Mn) (5-Mar)

Volume	Buy	Sell	Net
Equity	5,195	3,276	1,919

*FII & MF Data is reported a day late

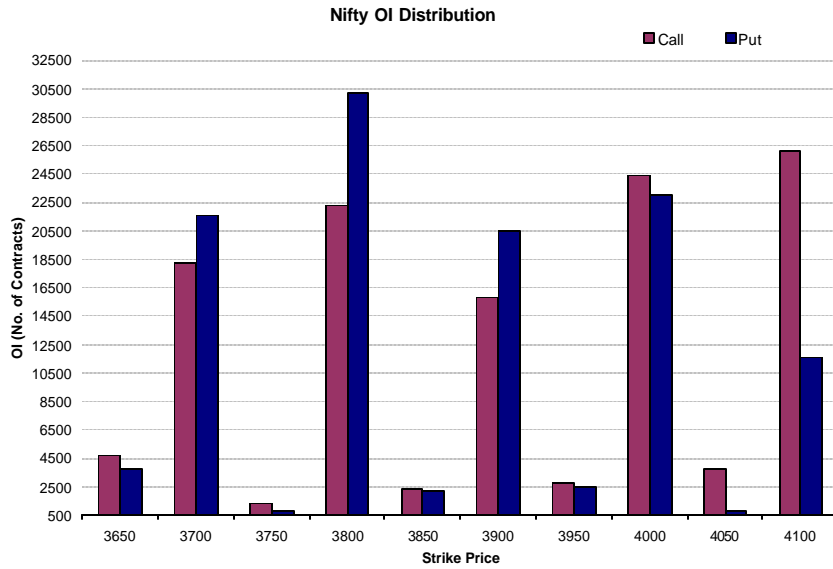
** Avg of positive ICC's

Pending Calls

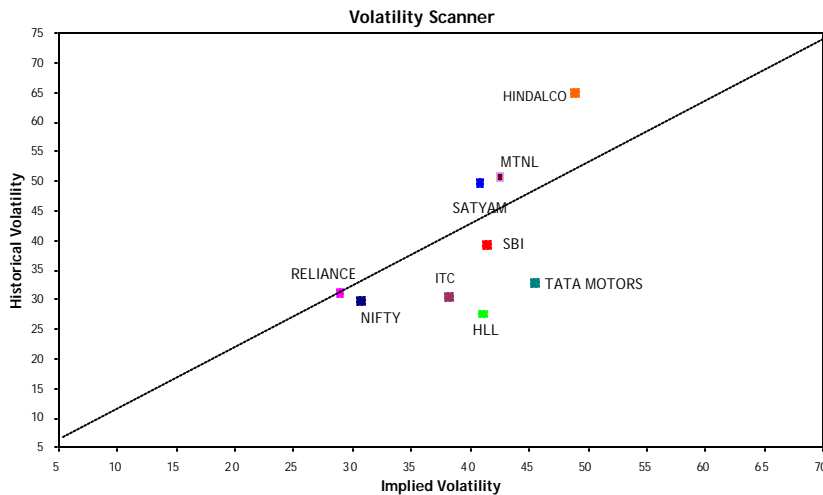
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
Bharat Forge	Buy	7-Mar-07	307.6	-	The stock witnessed tremendous buying yesterday and was up 2% on substantial volumes with a 6% fall in OI. We suggest Auto ancillary stocks as a good bet vis-à-vis auto stocks and pick this scrip as our best pick.
Satyam	Buy	7-Mar-07	433.6	-	The IT stocks led the rally yesterday and saw a good bounce back after Monday's fall. Satyam in particular was up on high volumes and witnessed a good build up on the long side. Technically the stock has reverted from its 200 DMA support and look good buy at these levels.
ICICIBank	Buy	5-Mar-07	851.6	1%	The stock gained 3% on relatively lower volumes with 5% fall in OI. The stock looks very attractive at current level and also there is a news of the company planning to transfer its subsidiary into to separate holding company called icici holdings. These factors should keep the counter in good humor.
Infosystch	Buy	2-Mar-07	2116.3	-2%	The stock gained 5% on marginally better volumes than monday. 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.
Suzlon	Buy	2-Mar-07	1007.5	-6%	After paring 6% on Monday, the stock regained momentum and was up more than 2%. We feel with the markets expected to take a respite, a lot of buying can emerge at these levels.

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%
JSW Steel	Buy	2-Mar-07	480.8	6-Mar-07	429.3	-11%



- Maximum OI was added to 3700 call [increase of 17.8%] and 3700 put [increase of 3.1%]
- Maximum Volumes were witnessed by 3700 & 3800 Call and 3600 & 3500 Put.



Nifty IVs at 30%-31% levels

High IVs

- Tata Motors IVs are quoting at 46% as against HV's of 33%
- HLL IVs are quoting at 41% as against HV's of 28%.
- ITC IV's are quoting at 38% as against HV's of 30%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Chemicals	10764	10468	2.83%	-1.0%
IT	93318	92211	1.20%	3.5%
Textile	23556	23560	-0.01%	2.7%
Metals & Mining	95619	95743	-0.13%	0.0%
FMCG	41790	41852	-0.15%	0.2%
Pharma	45836	46132	-0.64%	0.5%
Auto	52048	52622	-1.09%	1.6%
Cement	38554	39157	-1.54%	2.2%
Banking	144192	146615	-1.65%	0.3%
Power	29846	30467	-2.04%	-0.5%
Engineering & Capital Goods	47874	49092	-2.48%	2.0%
Construction	39566	40835	-3.11%	0.5%
Telecom	60795	62792	-3.18%	2.8%
Oil & Gas	148615	153594	-3.24%	1.8%

- Amongst all the sectors, the IT sector was up the most by 3.5%. Wipro was up 8% and Mphasis, Satyam, Polaris were up nearly 5%.
- In the Telecom space, Bharti was the major winner which was up by 5% followed by VSNL which was up 2%.
- In the Textile sector, Alok was up by 5% followed by Bombay Dyeing which gained nearly 3% couples with a 10% fall in OI indicating big short covering.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
HCL Tech	14	4,167	2.9	20
Titan Industries	13	1,598	(0.0)	71
SRF Ltd	12	6,831	(7.2)	198
Tata Motors	12	4,469	(1.8)	49
ABB Ltd	10	248	0.2	(28)
CESC Ltd	10	1,194	(0.6)	(12)
NDTV	9	2,984	(1.4)	40
Strides Arcolab	8	229	1.3	119

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Bharat Earth Movers	(16)	127	3.0	32
Indian Bank	(14)	838	1.2	(66)
Kotak Mahindra Bank	(12)	651	4.9	(14)
TVS Motors	(11)	8,115	6.9	29
Bombay Dyeing	(10)	411	2.6	5
Tata Tea	(10)	820	1.2	72
Ashok Leyland	(9)	28,960	4.5	79
Triveni Engineering	(9)	2,118	3.8	13

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
McDowell & Co	8.2	(7)	483	8
Wipro	7.7	(3)	4,471	22
SRF Ltd	(7.2)	12	6,831	198
TVS Motors	6.9	(11)	8,115	29
Praj Industries	6.0	3	4,929	65
Infosys	5.3	(1)	2,677	35
MTNL	5.3	(7)	20,880	32
Mphasis Ltd	5.3	(4)	6,643	8

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
SRF Ltd	198	5,706	(7.2)	12
Jindal Steel & Power	162	130	(2.0)	2
GMR Infrastructure	123	10,340	1.6	(4)
Strides Arcolab	119	210	1.3	8
Sobha Developers	93	403	(3.9)	1
Century Textiles	87	8,694	1.9	2
HDFC Bank	83	717	(0.0)	2
Ashok Leyland	79	14,812	4.5	(9)

F&O CROSSOVER: -

Focus Stocks

- o Positives: ONGC, Satyam, Tatasteel
- o Negatives: GAIL, HLL, NTPC, Reliance, TCS

Portfolio Tracker

6-Mar-07

Scrip	Reco	6-Mar-07	5-Mar-07	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score						
Nifty	Neu**	(1)	1	6-Mar	3,656	3,656			
ACC	Neu**	1	1	5-Mar	811	853			
GAIL	Sell	(1)	(1)	6-Mar	267	267			280
HLL	Sell	(1)	(1)	29-Jan	215	172	36	20.2%	180
HPCL	Sell	(1)	(1)	26-Feb	277	256	8	7.6%	259
ICICI Bank	Neu**	(1)	1	6-Mar	848	848			
Infosys	Neu**	(1)	1	6-Mar	2,114	2,114			
IPCL	Neu**	1	1	5-Mar	237	233			
Maruti	Sell	(1)	(1)	23-Feb	864	792	11	8.3%	812
MTNL	Neu**	(5)	(3)	6-Mar	141	141			
NTPC	Sell	(1)	(1)	21-Feb	143	133	13	6.7%	140
ONGC	Buy	1	(3)	6-Mar	769	769			731
Polaris	Neu**	1	1	5-Mar	157	165			
Reliance	Sell	(5)	(5)	1-Mar	1,368	1,298	5	5.1%	1,322
Satyam	Buy	1	1	5-Mar	414	434	1	4.7%	412
SBI	Sell	(1)	(1)	20-Feb	1,108	988	14	10.8%	1,011
SCI	Sell	(3)	(3)	27-Feb	178	156	7	12.4%	160
TCS	Sell	(5)	(3)	21-Feb	1,284	1,197	13	6.7%	1,213
Tata Motors	Neu**	(1)	(1)	5-Mar	740	727			
Tatasteel	Buy	1	3	5-Mar	421	419	1	-0.4%	400

Buy/ Sell/ Neutral = 3/9/8

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 Budhraja - 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
Manik a 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 within 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.