

AGAINST THE CURRENT

Last week a **prominent investment banker** was on CNBC **calling the market bottom**.

The battle-scarred guru does not usually stick his neck out and would not hazard a guess even if you were to put a gun to his head.

The fact that he spoke and he did it amidst heavily bearish loaded questions stands out.

My years of observing the behaviour of this species tells me that if they are making a comment on the budgetary provisions, they will conveniently overlook the shortcomings and make virtue out of ordinary things. After all, they have to get IPO mandates from the Government.

But this was no budget and the anchor was quizzing the old horse whether a bottom has been made. So when he says a bottom has been made, we should listen to him. While no one on this world is competent enough to call a bottom, we should listen to the gentleman to the extent that he foresees rally ahead.

Lets look at our tools. The **Daily** and the **weekly** charts of the Sensex and the Nifty are **in good shape**. The market heavyweights too are well placed. So technically we could agree with this view.

Then we have another anecdotal evidence form the **derivatives arena**. We have observed that whenever we have a **low rollover** of positions, the **tone is bullish** in the settlement. In the last series we saw a roll over of only 79% of the positions, which is the lowest since March, 2008. The customary weakness that precedes a low rollover settlement was not seen in July series, but something akin to it, **low confidence to build long positions** was there.

There is an international trigger also, which will work positively for us only. And that is the nod by **International Atomic Energy Agency (IAEA)** to India's candidature. The ball now moves into the **Nuclear Suppliers Group**. This should lit a fire under the power sector capital goods.


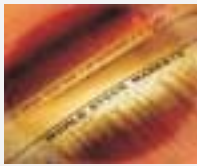



However, fundamentally as we take stock of the situation on the ground after a barrage of corporate results and policy announcements earlier this week, there are not many positive take aways. On the whole, the fundamentals have only deteriorated.

Higher raw material prices have resulted into lower profits. Some of the agricultural commodities as well as metals have shed some weight, but it is not an established trend as yet. On a YoY basis, even in the next quarter, margins would continue to be under pressure.

The **Nifty stocks** have reported a **33% rise in Sales** and **15% rise in Net Profit**. **Last quarter** we

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saw a **sales growth of 21%** and **Net profit growth of 18%**. While the sales are up, the margins are under pressure. Commodities as well as metals have shed some weight, but it is not an established trend as yet. On a YoY basis, even in the next quarter, margins would continue to be under pressure.

Dr. Reddy, as expected, was in full battle cry on the 29th. The Governor tightened the nuts further and brought both the **CRR and Repo rate to 9%**. This takes the policy measures back to the 1999-2000 vintage. The moves came as a surprise to the markets.

With **inflation** now coming in at **11.98%**, the worries remain elevated. The RBI will not be comfortable till the inflation rate falls below 5%. That is a long haul and probably would need more dosage of the bitter prescription. Knowing Dr Reddy's single-minded devotion, one can expect the tightening to continue. Unfortunately, his tenure comes to an end this September and we could have a new face on the Mint Street.

Taking cue from the RBI, banks have raised their lending rates and corporates should see most pressure coming from this particular head. As interest rates rise, asset quality deteriorates and chances of default increase. Banks and interest rate sensitive sectors like Banks, Autos and Real estate should get adversely impacted.

The biggest trigger for the real estate sector in the last few years has come in from the IT and IT enabled services sector, which has seen creation of new campuses. The demand from the sector accounts for some thing like 75% of the commercial space. But after seeing a 55% increase in recruitments in 2006, the hiring slipped to 17% in 2007 and is now almost flat in 2008. Unless the real estate firms want to set up their own IT shops and sell their inventory, it will be a slow painful grind for the sector.

Across the globe, things still look grim for the financial sector. The **National Australian Bank** wrote down its book of CDO's to the tune of 90%. That means 10 cents on dollar. **Merrill Lynch** also had to resort to a fire sale of its risky home loan assets of \$31 Billion for just \$ 6.82 billion. The going rate was 22 cents to a dollar. The implications of this for the U.S. financials are ominous. More banks would have to take similar steps.

Meanwhile, with the passage of the **Housing Bill** has meant that distressed mortgages could get re-assistance. Under the plan, the **Federal Housing Administration** will guarantee the \$ 300 billion worth of mortgages if the lenders first agree to reduce the principal to 90% or less of the current value of the home. As financiers would be unwilling to take such a large hit, the scheme may not take off for want of both parties agreeing to the proposal.

Three more banks went belly up in the US last week, bringing more pressure on the **FDIC**, that guarantees bank deposits. The FDIC maintains a list of suspected banks that might go down under. Currently there are 90 banks in that list. It was interesting to note that that **IndyMac**, the second largest bank ever to fail last fortnight, was not in the FDIC list. So much for active credit tracking.

The US economy continues to be on a weak wicket.

The **GDP growth for Q2 came in at 1.9%** as against expectations of 2.3%. The Q1 growth of 1% was further revised to 0.9%. And the Q4 2007 growth of 0.6% was revised to -0.2%, which means the US GDP shrank in the last quarter of 2007.

Friday's job numbers were pretty bad. **Non-farm payrolls in the US shrank by 51,000** in the month of July. The **unemployment rate rose to 5.7%**. Though the number of jobs lost was less than expected 75,000, the unemployment rate was higher than anticipated 5.6%.

For all we know, the **US may be in a recession**. While it is true there have been no two consecutive quarters of negative growth, the cumulative job losses are probably telling a story.

Even if you were to ignore the July numbers and count job losses till June, then the total losses in the first six months of 2008 have totaled around 4,38,000. These numbers are almost equal to the jobs lost from January to June 2001. The economy then, was already three months into a recession. By October 1990, the jobs lost in the past six months were 3,27,000. In that period also, the US had been in a recession since July, 1990.

These numbers coupled with the GDP revision will make the Fed pause at its next meeting on August 5.

Meanwhile, the **SEC** has extended the validity of the modified short sale rules on select list of **19 stocks to August 12**. History is replete with examples, how these measures don't work in the long run. But in the short run, you can't fight the Government, whether it is the US or India.

The mood in India is bullish, the world is bearish and Crude is neutral.

ECONOMY NEWS

The WPI-based Inflation recorded for the week ended 19th July again rose to inch closure to cross the 12.00% mark at 11.98% over the previous week of 11.89% and against expectation of 12.03%. Increase in prices of some food articles and manufactured products pushed inflation further.

CORPORATE NEWS

- **ABB India** has won orders worth Rs. 455 Crs. from Vedanta Aluminum to provide automation and power products, systems and solutions for expansion of their aluminum smelter plant at Jharsuguda, in Orissa.
- **Areva T & D** has been awarded a contract worth approx. 40 million Euros with Larson & Toubro Ltd. ECC Division for the supply of a substation package for Indira Gandhi International Airport in Delhi.
- **Birla Corporation** has recently signed an MoU with the Madhya Pradesh government for leasing a limestone block for the new unit. The company is also planning to invest Rs 1200 crores on a 3 million ton cement plant in Madhya Pradesh.
- **Jaihind Projects** has been awarded order of Rs 19.23 Crores from Gujarat State Petronet Ltd for Supply of 18" API 5L Gr. X65 PSL2 8.7/10.3mm WT HSAW/LSAW Line Pipes & 18" Ball Valves for Olpad GSEC Utran Pipeline Project.
- The Board of Directors of **Mahindra & Mahindra** has approved the acquisition of all the Business Assets of Kinetic Motor . The acquisition will be done through a New Company to be formed. The consideration for the acquisition is a sum of Rs 110 crores in cash plus 20 percent stake to KMCL in the New Co. Mahindra & Mahindra Ltd will hold the balance 80% of the Equity.
- The Board of Directors of **Mahindra & Mahindra** have approved the amalgamation of Punjab Tractors with Mahindra & Mahindra. The shareholders of PTL would be entitled for 1 fully paid-up equity share of Rs. 10 each of M&M for every 3 equity share of Rs. 10 each held in PTL.
- **Sintex Industries** has acquired assets of Geiger Technik GmbH Germany, through its wholly owned subsidiary Sintex Holdings B.V., Netherlands for Enterprise Value of Euro 35.6 Mln.

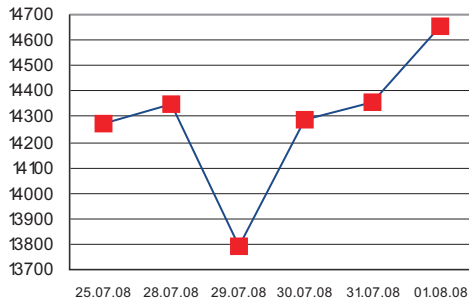
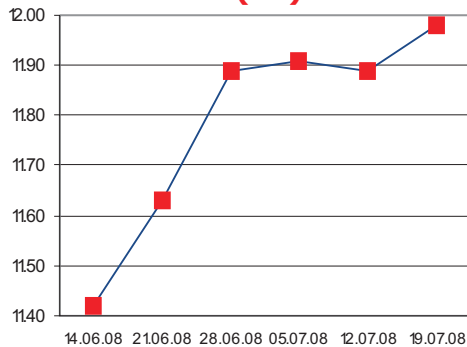
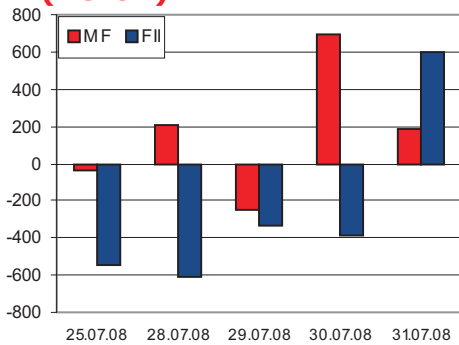
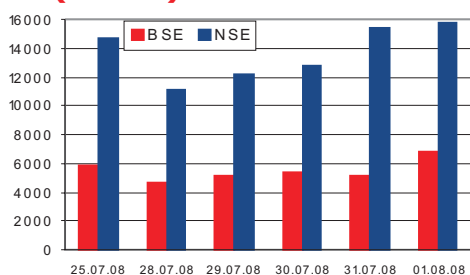
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Date	Country	Event	Consensus	Previous
04/08/2008	EUROPE	Euro Zone PPI (YoY) (JUN)	7.90%	7.10%
	USA	Personal Income (JUN)	-0.20%	1.90%
	USA	Personal Spending (JUN)	0.50%	0.80%
	USA	PCE Core (YoY) (JUN)	2.20%	2.10%
	USA	Factory Orders (JUN)	0.70%	0.60%
05/08/2008	EUROPE	Euro Zone Retail Sales (YoY) (JUN)	-1.30%	0.20%
	USA	ISM Non-Manu. Composite (JUL)	48	48.2
	USA	FOMC Rate Decision (AUG 6)	2.00%	2.00%
07/08/2008	ENGLAND	BOE Announces Rates (AUG 7)	5.00%	5.00%
	EUROPE	ECB Announces Interest Rates (AUG 7)	4.25%	4.25%
	USA	Initial Jobless Claims (AUG 3)	413K	448K
	USA	Pending Home Sales (MoM) (JUN)	-1.00%	-4.70%
08/08/2008	USA	Consumer Credit (JUN)	6.4B	7.8B
	USA	Non Farm Productivity (2Q P)	2.60%	2.60%
	USA	Unit Labour Costs (2Q P)	1.20%	2.20%
	USA	Wholesale Inventories (JUN)	0.60%	0.80%

 EQUITY
 WEEKLY
 WATCH

SENSEX

INFLATION (%)

MF/FII-NET EQUITY FLOW (RS CR)

BSE/NSE CASH TURNOVER (RS CR)

MARKET INDICATORS

Indices	01.08.08	26.07.08	Change(Pts)	%Change(%)
NIFTY	4413.55	4311.85	101.70	2.36
SENSEX	14656.69	14274.94	381.75	2.67
BSE MIDCAP	5642.74	5572.59	70.15	1.26
BSE SMLCAP	6980.10	6778.78	201.32	2.97
BSE-100	7661.55	7458.30	203.25	2.73
BSE-200	1788.38	1744.25	44.13	2.53
BSE-500	5642.57	5508.25	134.32	2.44

SECTORAL INDICES

Indices	01.08.08	26.07.08	Change(Pts)	%Change(%)
BSE METAL	13250.31	12492.10	758.21	6.07
BSE OIL&GAS	10046.87	9504.42	542.45	5.71
BSE IT	3800.06	3611.24	188.82	5.23
BSE PSU	6925.52	6674.57	250.95	3.76
BSE REALTY	5199.20	5029.06	170.14	3.38
BSE CAP GOODS	12132.00	11738.27	393.73	3.35
BSE POWER	2661.75	2587.19	74.56	2.88
BSE CONS DURA	3712.19	3623.79	88.40	2.44
BSE TECK	3019.32	2973.18	46.14	1.55
BSE HEALTH CARE	4190.84	4186.14	4.70	0.11
BSE FMCG	2121.96	2124.52	-2.56	-0.12
BSE BANKEX	6728.65	6751.86	-23.21	-0.34
BSE AUTO	3656.49	3725.99	-69.50	-1.87

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain%
TATA STEEL	680.65	10.16
HDFC	2402.20	8.13
RIL	2299.75	7.10
WIPRO	432.60	6.47
BHEL	1756.50	6.14

Top Losers		
Company	Price	Loss %
RCOM	436.80	-13.18
MARUTI UDYOG	560.50	-8.77
TATA MOTORS	398.60	-6.57
HINDALCO	140.75	-5.82
NTPC	176.70	-5.76

WEEKLY: A - GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
POLARIS	99.05	24.98
FDC	33.70	24.13
ESCORTS	85.85	18.82
TORRENT PHARMA	185.85	17.11
JET AIRWAYS	498.20	14.93

Top Losers		
Company	Price	Loss %
PUNJAB TRACT	168.15	-21.20
BHARAT ELECT	971.50	-15.78
REL COM	436.80	-13.18
SUNTV	238.05	-11.13
MARUTI UDYOG	560.50	-8.77

ADVANCE -DECLINE

BSE 30 Companies	
Positive	19
Negative	11
Unchanged	0
Total	30

Top Losers	
Positive	128
Negative	76
Unchanged	0
Total	204

EQUITY WEEKLY WATCH

WORLD INDICES

INDEX	01.08.08	26.07.08	Change	% Change
NIFTY	4413.55	4311.85	101.70	2.36
SENSEX	14656.69	14274.94	381.75	2.67
DJIA	11326.32	11370.69	-44.37	-0.39
NASDAQ	2310.96	2310.53	0.43	0.02
FTSE	5354.70	5352.60	2.10	0.04
NIKKEI	13094.59	13334.76	-240.17	-1.80
BOVESPA	57630.35	57199.14	431.21	0.75
SHANGHAI	2801.82	2865.10	-63.28	-2.21
KOSPI	1573.77	1509.99	63.78	4.22
HANG SENG	22862.60	22740.71	121.89	0.54
STRAITS TIMES	2906.07	2922.91	-16.84	-0.58

MARKET AT A GLANCE
INDIAN MARKETS

Indices	As on 01/08/08	As on 26/07/08	% Change
NIFTY	4413.55	4311.85	2.36
SENSEX	14656.69	14274.94	2.67

US MARKETS

Indices	As on 01/08/08	As on 26/07/08	% Change
DJIA	11326.32	11370.69	-0.39
NASDAQ	2310.96	2310.53	0.02

BSE 200 GROUP

Scripts	CMP (Rs)	Weekly % Chg
Gainers		
BF UTILITIES	2080.90	16.14
JET AIRWAYS	498.20	14.93
BALRAMPUR C	88.90	14.34
JAIN IRRI SY	524.70	12.96
SUZLONENERGY	238.70	12.89
Losers		
BHARAT ELECT	971.50	-15.78
REL COM LTD	436.80	-13.18
LANCO INFRA	324.50	-12.06
NAG CONS COM	125.95	-11.21
SUN TVNET	238.05	-11.13

US LISTINGS

Scripts	Close \$	Weekly % Chg
NYSE		
Dr Reddy	13.75	-9.54
HDFC Bank	79.69	-4.00
ICICI Bank	30.40	-5.27
MTNL	5.10	-2.67
Patni	10.58	-3.02
Satyam	22.31	5.73
SLT	14.37	10.54
Tata Motors	9.52	-5.74
TCL	20.55	-2.56
WIPRO	11.44	4.57
NASDAQ		
Infosys	40.45	5.61

INSTITUTIONAL ACTIVITY (RS CR)

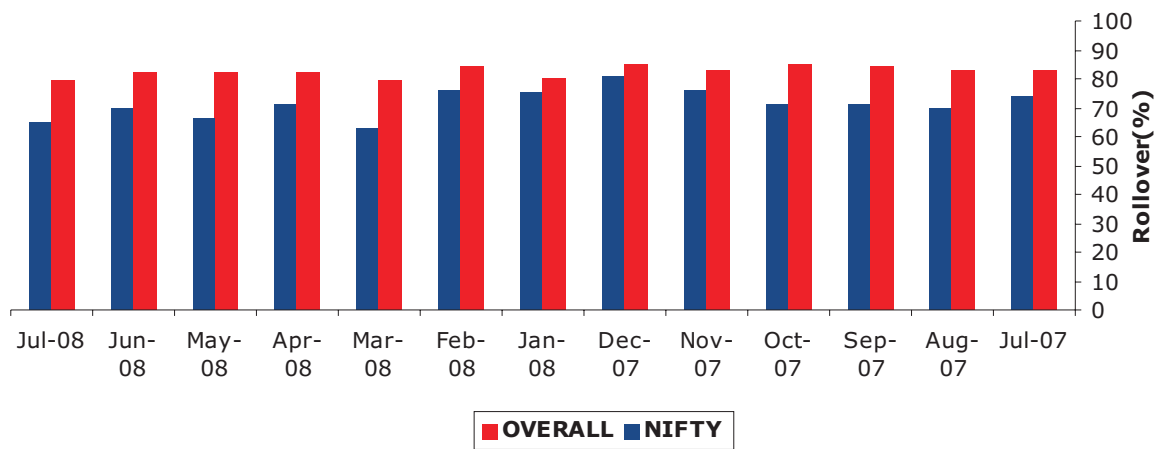
	For the week	For the month	For the year
Mutual Funds	833.50	1412.50	10788.60
FIIIs	-736.5	-1012.70	-27506.80

 EQUITY
 WEEKLY
 WATCH

LOWER ROLL OVER (79%) –HIGHER POSSIBILITY OF AUGUST BEING A GOOD MONTH!

Huge volatility was witnessed in the July series where at one point of time nifty was down by 12%, only to recover almost 20% from the low in the later half of the series and finally settled with a marginal gain of 0.4%. This came on the back of an 11% fall witnessed in the June series.

We have seen overall rollover of 79% as against 82% rollover last month and last three & six months' average rollover of 82%. This Roll-over of 79% is the lowest since Oct '05 when rollover of 78% was seen. And to add further to that, this rollover of 79% has been seen only twice since calendar year 06 (Mar '08, June'06). However, if we consider the return of the month following lower rollover (where overall rollover was 80% or less), past data shows that markets have always given higher returns compared to the months of higher rollover.



Date	Jul08	Jun08	May08	Apr08	Mar08	Feb08	Jan08	Dec07	Nov07	Oct07	Sep07	Aug07	Jul07
OVERALL(%)	79	82	82	82	79	84	80	85	83	85	84	83	83
NIFTY(%)	65	70	66	71	63	76	75	81	76	71	71	70	74

EQUITY WEEKLY WATCH

RETURN OF MONTHS WHERE ROLLOVER WAS LOWER THAN OR EQUAL TO 80%

Month	Rollover (%)	Return Next Month(%)	Return Current Month(%)
Apr-05	78	7	-5
Oct-05	78	12	-10
Jun-06	79	5	-6
Mar-08	79	4	-9
Mar-07	80	10	-6
Jan-08	80	3	-16
Average		7	-9

RETURN OF MONTHS WHERE ROLLOVER WAS MORE THAN OR EQUAL TO 85%

Month	Rollover (%)	Return Next Month(%)	Return Current Month(%)
Apr-06	87	-9	3
Oct-07	85	1	11
Dec-07	85	-16	8
Dec-05	85	4	7
Average		-5	7

However the thing is slightly different at this point of time as compared to previous expiries. In the earlier instances where rollover was lower, the return of a month itself was negative in all the cases (Average -9%). Therefore we believe the reason behind lower rollover was lack of confidence in terms of rolling over of positions and this subdued confidence was the reason for following month to be good. However this time we believe reason behind lower rollover is quite different. It is the whopping gain of 14% made from the low during the later half of the July series which made the market players little hesitant in term of rolling over their long positions at higher levels considering the possibility of correction in the days to come. Another reason behind lower rollover is the improved sentiment which forced bears to be on sidelines before creating short positions which was not the case in last few expiries.

POSITIVE COST OF CARRY

Another interesting thing is that Overall COC was positive (+4%) for the August month on the last day of July series, which was negative for the last two series(-2%) indicating upper hand of bulls in terms of rolling over of positions or one can say that bears were little hesitant in terms of rolling over their short positions which indicates improved sentiment in the market.

SUBDUED ROLLOVER BY FIIs'

In case of Nifty, lower rollover was seen, where 65% positions got rolled over to August series as against 70% rollover last month and last six months' average rollover of 70%. We have started July series with OI of 2.74 Cr shares in Nifty future along with a premium of 2 points as against the massive discount of 70 points at the time of last expiry. This nifty future premium with lower rollover indicates hesitation of bears to rollover their short positions in spite of positive cost of carry for the next month which was not the case in last few expiries. On FIIs' front too thing is not quite different. Their rollover in Index future has fallen substantially to 69% from 88% last month which is lowest since Sept 07 suggesting pause on their part in selling Index future which was used to be a major worry for the market in last six months.

Considering all these things we still believe there is a higher possibility of August being a good month. Keep the finger crossed!

FRIDAY DAT: HUGE OPEN INTEREST ADDITION SEEN

Nifty, after an early morning weakness on back of weak global cues, recovered more than 4% from the days low, and finally managed to close with the gain of 1.86%. Overall Open Interest shoot up by Rs 6491 Cr or 12% to Rs 58,297 Cr from Rs 51,806 Cr. This huge open interest addition (4th Largest in absolute term in the history of derivative market) with 78% stocks of derivative arena (177 out of 228 stocks) closed positively on Friday, indicates long positions have been built across the board. Even if one consider OI only Stock futures-they added whopping 9 Cr shares (10%) in OI with the average price rise of 2.2% in the derivative stocks suggesting enhanced confidence among the market players for building positions which was missing earlier. Nifty future added 8% in OI with nifty future premium increased to 19 points from 2 points while FIIs net bought worth Rs 461 Cr in Index future with rise in their OI indicating build up of long positions on their side. Long positions have been built up in Banking, Engineering, Fertilizer and Power stocks. Among the stocks long positions have been built in Bajaj Hind, BOI, BHEL, Chambal Fert, GMR Infra, IFCI, JP Hydro Nagarjuna Fert, Reliance, Rel Infra RNRL, RPL and Siemens to name a few. Nifty OI PCR rose to 1.35 from 1.30 on the back of put writing at lower level strikes (particularly 4200 and 4300 level) which in turn indicates market players' expectation that nifty might find strong support around 4200-4300 level on the downside.

Nifty August 4400 and 4500 call added 15,048 and 30235 contracts in OI respectively so on the higher side Nifty may take resistance in the region of 4500-4600 level. On the other hand Nifty 4200 & 4300 put added 41,506 & 37,184 contracts in OI respectively there fore on the downside Nifty might strong support in the vicinity of 4200-4300 level.

OUTLOOK FOR THE NEXT WEEK: BULLS - BACK IN ACTION

Some of the F&O indicators of Friday like Huge open interest addition ((4th Largest in absolute term) with rise in prices, rise in Nifty OI PCR on back put writing at lower strikes, FIIs Buying in index future and build up of long positions in Index heavy weight stocks are suggesting bullishness to continue for the coming week. However on the higher side our advice would be to lighten commitments around 4550-4600 level where we have seen call

F&O STRATEGIES FOR THE NEXT WEEK

[1] CHAMBAL FERT BULL SPREADS USING CALLS

Script: **CHAMBAL FERT** CMP: **Rs.81.8** Lot Size: **3450**
View: **Moderately Bullish** Strategy: **Bull Spread Using Calls**

Expiry day
28th August, 2008

Expected Payoff (1 lot)

Buy/Sell	Strike	Scrip Price	QTY	Series	Option Type	Market Price (Rs)
BUY	85	CHAMBAL	3450	AUGUST	CALL	5.8
SELL	95	CHAMBAL	3450	AUGUST	CALL	3.0

Closing Price	Expected Profit / loss
80	-9660
85	-9660
87.8	0
90	24840
95	24840
100	24840

Risk-Reward ratio 2.57:1

BEP: Rs. 87.8

Max. Profit: Rs. 24840 per lot
If CHAMBAL closes at or above 95 level on expiry

Max. Loss: Rs 9660 per lot
If CHAMBAL closes at or below 85 level

NIFTY PAY OFF CHART

CHAMBAL FERT PAY OFF CHART



[2] BUY IFCI AUGUST 55 CALL @ 2.75

Buy/Sell	Strike	Scrip Price	QTY	Series	Option Type	Market Price (Rs)	Target (Rs.)
BUY	55	IFCI	1970	AUGUST	CALL	2.75	4.75

EQUITY WEEKLY WATCH

TOP STOCKS OPEN INTEREST WISE

Underlying	Weekly Chg (%)		Open Interest Value(Rs Cr)				PCR(OI)
	Price	Change in Fut OI	Future	Call	Put	Total	
NIFTY	2.36	-27	12984	8879	12021	33884	1.35
RELIANCE	7.01	-30	1226	187	49	1461	0.26
RCOM	-13.48	26	796	226	14	1036	0.06
RPL	6.09	-12	728	98	25	851	0.25
RANBAXY	6.04	13	743	39	4	786	0.11
ICICIBANK	-2.19	4	691	33	4	727	0.13

FII ACTIVITY FOR THE WEEK (FROM 28 JULY TO 1 August)

Contracts	Bought Nos.	Contracts Sold Value (Rs Cr)	Open Nos.	Interest Value (Rs Cr)	Contracts nos.	Value (Rs Cr)
Index Futures	998385	21393	973681	20788	664576	14686
Index Options	198203	4221	108925	2367	708118	15627
Stock Futures	752278	13659	824212	14728	866671	16024
Stock Options	16937	299	5256	93	26336	446

TOP GAINERS & LOSERS OPEN INTEREST WISE

TOP GAINERS			
Company	OI Chg %	Price%	OI Rs.Cr
SUN TV	122	-11	11
BATAINDIA	77	5	16
WWIL	37	-5	21
TATAMOTORS	29	-7	212
ESCORTS	28	19	24

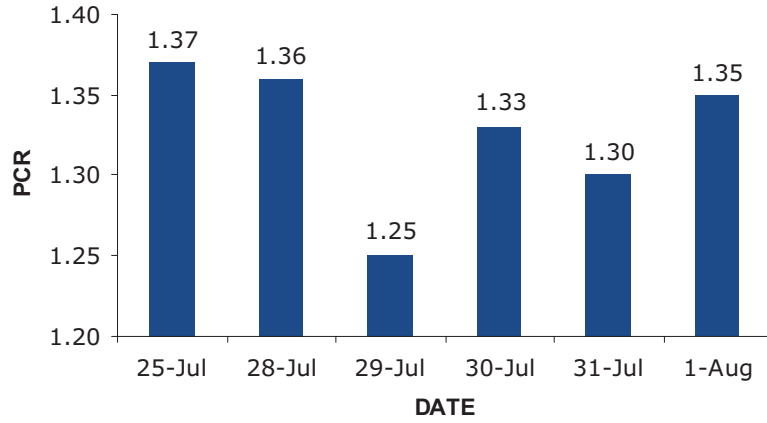
TOP LOSERS			
Company	OI Chg %	Price%	OI
J&KBANK	-70	3	0
PIRHEALTH	-67	3	0
STERLINBIO	-65	-6	72
TULIP	-64	1	2
COLPAL	-59	10	3

TOP GAINERS & LOSERS PRICE WISE

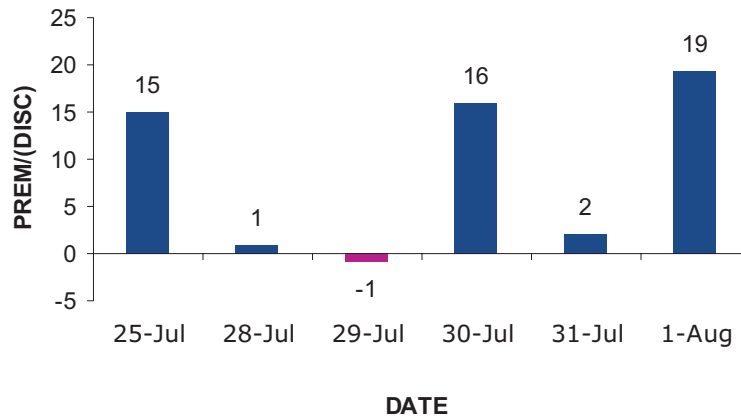
TOP GAINERS			
Company	OI Chg %	Price%	OI Rs. Cr
POLARIS	17	25	34
ESCORTS	28	19	24
JETAIRWAYS	-27	16	6
CHAMBLFERT	-35	14	74
BALRAMCHIN	21	14	105

TOP LOSERS			
Company	OI Chg %	Price%	OI Rs. Cr
BEL	23	-16	10
RCOM	26	-13	1036
LITL	21	-12	65
NAGARCONST	6	-11	45
SUN TV	122	-11	11

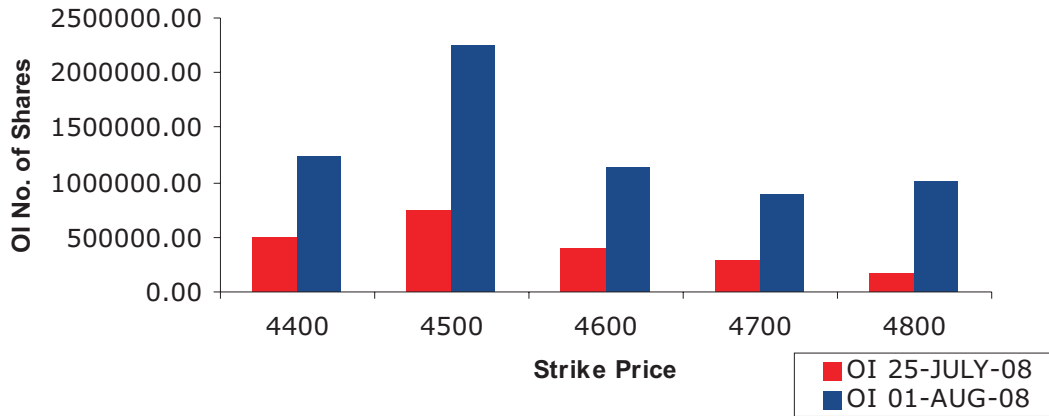
TREND IN NIFTY OI PCR



TREND OF NIFTY JULY FUTURE PREMIUM/(DISCOUNT)



WEEKLY CHANGE IN NIFTY JULY CALL OPTIONS OPEN INTEREST



WEEKLY CHANGE IN NIFTY JULY PUT OPTIONS OPEN INTEREST



EQUITY WEEKLY WATCH

Full Justice to 50% Fibonacci Retracement and 20 DMA Supports!!

Last week Sensex and Nifty continued their recoup rally by rising 2.67% and 2.36% respectively and have also closed above their respective 50 DMAs for the first time since June 2008. 20 DMA, which was acting as a resistance for the sensex in last few weeks, is now acting as a strong support (13727) for it. Sensex also took the support on 50% fibonacci retracement of the 6 day's consecutive rally from 12514 to 15130 levels and thereby added one more crucial support around 13727 level. Leading Indicator RSI is sustaining well above the benchmark level of 50, which shows the sign of strength in the indices. Observing all the technical evidences discussed above, it would be advisable for traders as well as investors to take a bullish view on the market and even averaging out could be considered in long positions at current levels. Short-term Resistances for the sensex stands around 15150 and 15300(Level of Long-term Trendline Adjoining Jan 2008 High and May 2008 High) and Medium-term resistance stands around 16860(50% Retracement of the Fall from Jan 2008 top to July 2008 bottom).

Daily Chart of Sensex

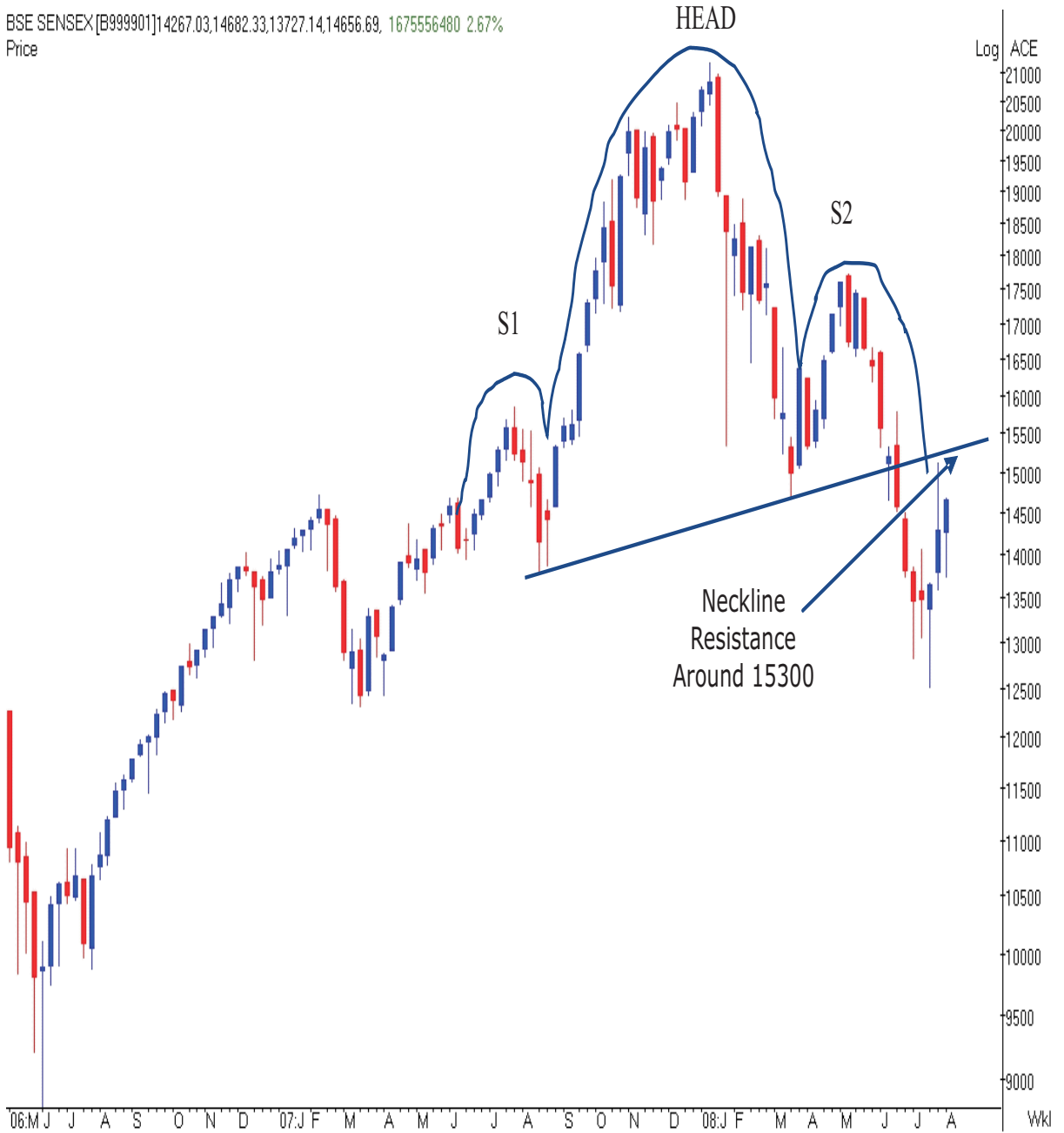
BSE SENSEX [B999901] 14064.26, 14682.33, 14032.87, 14656.69, 416753920 2.10%
Price Avg3(S,20,S,50,S,200)



EQUITY WEEKLY WATCH

WEEKLY CHART OF THE SENSEX

BSE SENSEX [B999901] 14267.03, 14682.33, 13727.14, 14656.69, 1675556480 2.67%
Price



Weekly chart of the Sensex formed the Bearish Head and shoulder pattern in the month of June 2008 and neckline of the pattern comes around the level of 15300-15400, which might act a Short-term resistance for the index.

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NAGARJUNA.FERT (CMP: 40.85)

BUY

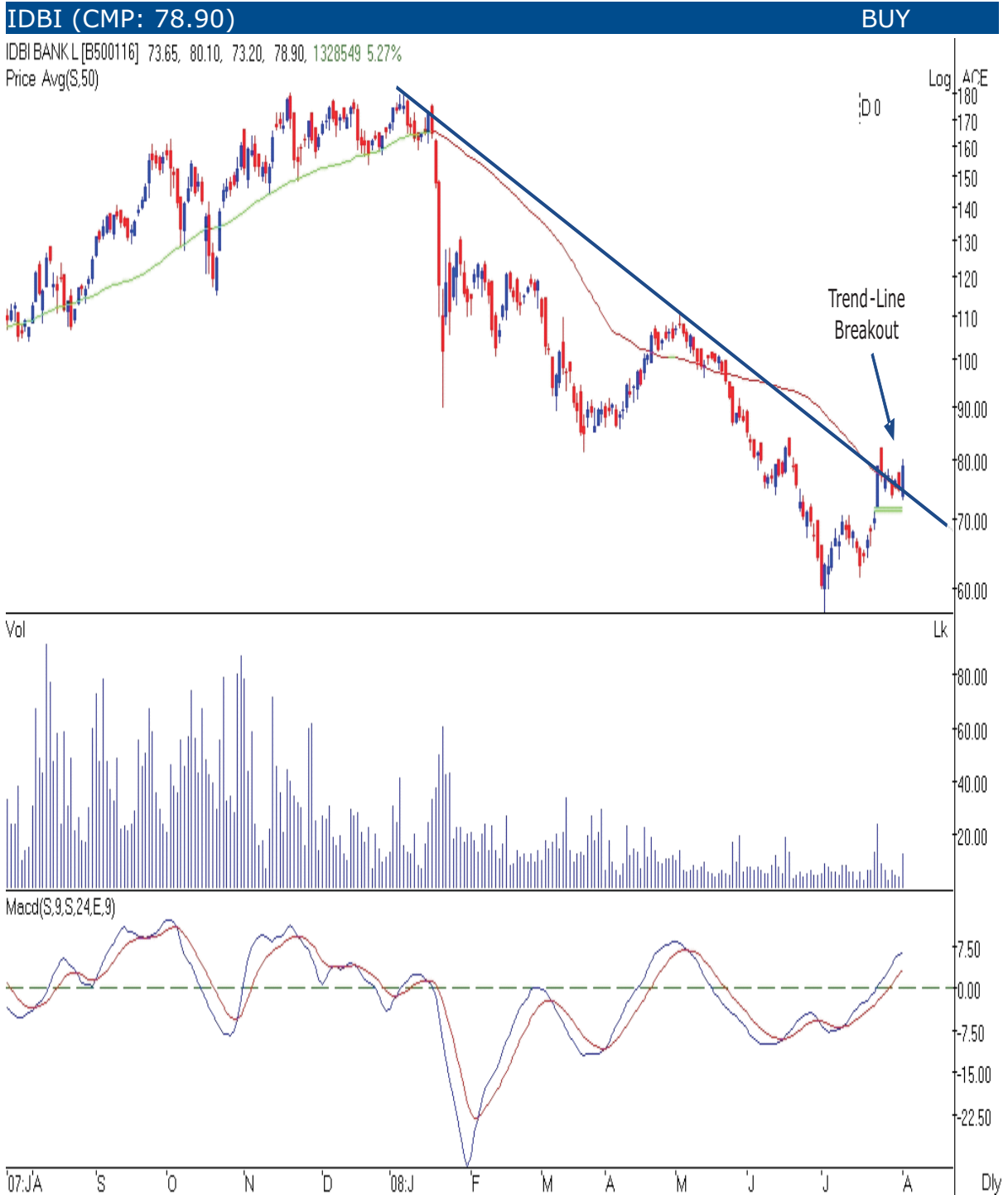
NAGARJ.FERT. [B500075] 37.90, 41.20, 37.80, 40.85, 10719197 5.42%
Price Avg(S.50)



The stock is looking bullish on its daily chart, as it has given close above the trendline with good amount of volumes on Friday. Leading Indicator RSI has reached above benchmark level of 50, showing strong momentum in the counter.

We recommend buying the stock for position trading at current market price for the target of 46.50, keeping a stoploss of 38.50.

EQUITY WEEKLY WATCH



The stock is looking bullish on its daily chart, as it has given close above the trendline and also closed above its 50 DMA with good amount of volumes on Friday. Momentum Oscillator MACD has reached above the equilibrium line, which shows the sign of strength in the counter.

We recommend buying the stock for position trading at current market price for the targets of 84 and 88, keeping a stoploss of 75.

EQUITY WEEKLY WATCH

TECHNICAL PICKS FOR THE FORTHCOMING WEEK

Stock	Recommendation	Stop Loss (Rs)	CMP	Targets (Rs)
NAG. FERT& CHEM	BUY	40.85	38.50	46.50
IDBI	BUY	78.90	75.00	84,88

REVIEW OF STOCKS RECO. LAST WEEK WITH REVISED ENTRY LEVELS & SL

Stock	Recommendation	Stop Loss	Target	Review	Return (%)
TRIVENI	BUY	87.40	101,108	Exited at 91.75	-

RETURN OF TECHNICAL PICKS SINCE 1ST JAN 2008

Success (%)	Overall Avg. Return (%)
62.5%	4%

Note: Whenever first target is achieved in any recommendation, you are encouraged to book 50% profit and the stop loss has to be raised to the original recommended price, unless specified otherwise.

SECTOR OUTLOOK


TECHNICALLY STRONG
OIL AND GAS
SUGAR
CAPITAL GOODS
BANKING
IT

TECHNICALLY WEAK
AUTO


STOCK OUTLOOK


TECHNICALLY STRONG
JPHYDRO
RELIANCE
IDBI
OMAXE
SAIL

TECHNICALLY WEAK
RCOM
TATAMOTORS
ALOK IND
BAJAJ-AUTO
BHARAT ELEC



SUPPORT-RESISTANCE LEVELS FOR FORTHCOMING WEEK (4thAUGUST to 8th AUGUST)

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
A.C.C.	577.40	580.60	601.10	624.70	556.90	536.40
ABAN	2506.45	2550.40	2695.80	2885.20	2361.00	2215.60
ABB LTD.	801.90	797.10	840.80	879.60	758.30	714.60
ADLABS FILM	523.20	520.70	550.10	576.90	493.80	464.40
ALLHABAD BNK	60.15	60.30	62.30	64.40	58.20	56.20
AMBUJACEM	82.75	81.10	85.70	88.70	78.20	73.60
ANDHRA BANK	56.15	54.90	58.20	60.30	52.90	49.60
ANSALINFRA	90.70	92.00	95.70	100.70	87.00	83.20
APIL	411.70	412.30	428.40	445.10	395.60	379.60
ARVIND MILLS	35.45	35.40	37.00	38.50	33.80	32.20
ASHOK LEYL	28.15	28.40	29.20	30.20	27.40	26.70
BAJAJ AUTO	344.50	353.90	385.60	426.80	312.70	281.00
BAJAJHIND.LT	165.65	161.00	172.20	178.80	154.40	143.20
BANK OF BARO	275.85	260.60	296.10	316.40	240.30	204.80
BANK OF IND.	288.35	279.70	306.10	323.90	262.00	235.60
BH.EARTH MOV	702.15	704.10	738.10	774.10	668.10	634.10
BHARAT ELEC.	971.50	1031.40	1135.10	1298.80	867.70	764.00
BHARTI TELEV	820.15	787.50	872.40	924.60	735.20	650.30
BHEL	1754.90	1707.60	1839.30	1923.60	1623.30	1491.60
BOM DYEING	632.85	634.60	678.20	723.50	589.30	545.70
CANARA BANK	196.30	190.40	205.80	215.30	180.90	165.50
CENTURY TEXT	491.25	487.50	509.80	528.40	468.90	446.60
CIPLA	220.00	221.70	227.30	234.60	214.40	208.80
CROMPTON GR.	250.65	243.30	261.40	272.20	232.50	214.40
CUMMINS INDI	283.90	284.30	294.60	305.30	273.60	263.30
DABUR INDIA	90.40	91.40	94.70	99.00	87.10	83.80
DENA BANK	46.10	46.20	49.40	52.80	42.90	39.70
DLF	520.15	498.60	546.60	573.00	472.20	424.20
EDUCOMP	3211.75	3122.60	3409.20	3606.60	2925.20	2638.60
EKC	312.55	300.50	329.00	345.50	284.00	255.50
ESSAR OIL	198.70	192.20	206.20	213.80	184.70	170.70
GAIL	390.65	380.80	405.50	420.40	365.90	341.20
GESCO CORP	461.35	459.10	482.20	503.00	438.30	415.20
GMRINFRA	98.85	94.30	104.40	110.00	88.70	78.60
GRASIM IND.	1833.00	1827.60	1905.20	1977.40	1755.40	1677.80
GTL	192.95	194.70	199.50	206.00	188.20	183.50
GUJ.ALKALI	160.35	161.50	167.90	175.50	153.90	147.50
GUJ.NARMADA	124.60	122.30	128.10	131.50	118.90	113.10
HCC	91.25	91.40	97.20	103.20	85.40	79.50
HDFC BANK	1108.30	1088.70	1174.30	1240.40	1022.60	937.00
HDIL	458.25	457.20	481.10	504.00	434.30	410.40
HINDALCO	141.00	143.70	149.30	157.60	135.40	129.70
HIND UNILVR	234.95	234.50	241.90	248.80	227.50	220.10
HOUS DEV FIN	2401.75	2290.60	2526.10	2650.50	2166.20	1930.70
ICICI BANK	642.40	638.20	673.20	704.00	607.40	572.50
IDBI	79.00	77.40	81.60	84.20	74.80	70.70
IDEA	88.90	88.40	91.70	94.60	85.50	82.20
IDFC	97.50	94.80	101.60	105.70	90.70	84.00
INDIA CEMENT	146.30	147.30	154.40	162.60	139.10	132.00
INDIANB	103.30	100.50	110.30	117.30	93.50	83.70

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
INDUS IND BK	58.45	58.10	61.20	64.00	55.30	52.20
INDUST.FIN.C	49.95	47.50	53.40	56.90	44.00	38.10
INFOSYS TECH	1639.45	1598.00	1688.00	1736.60	1549.40	1459.40
ITC	187.10	185.90	194.70	202.40	178.20	169.40
IVRCL INFRAS	300.00	308.50	325.00	349.90	283.60	267.10
JP ASSOCIAT	170.35	164.50	177.70	185.10	157.20	144.00
JPHYDRO	55.85	54.70	57.80	59.70	52.70	49.60
JSWSTEEL	797.90	771.60	831.10	864.40	738.30	678.80
KESORAM	292.50	283.10	304.20	316.00	271.40	250.30
KOTAK BANK	565.35	553.20	596.10	626.90	522.40	479.50
LITL	324.45	334.40	366.60	408.80	292.20	260.00
LT	2689.90	2671.70	2818.20	2946.50	2543.40	2396.80
MAH & MAH	522.85	515.30	555.60	588.40	482.50	442.20
MAHANGR TELE	107.75	106.80	112.80	117.80	101.80	95.80
MARUTI	562.15	579.70	606.40	650.70	535.40	508.70
MATRIX LABS	148.55	148.50	159.60	170.70	137.40	126.30
MCDOWELL	1284.60	1277.20	1319.40	1354.20	1242.40	1200.20
MOSER-BAER	90.45	93.40	99.00	107.60	84.80	79.20
MPHASIS	218.95	211.30	229.70	240.40	200.60	182.30
MRPL	69.60	67.90	73.10	76.60	64.40	59.20
NAGAR.CONST.	125.95	131.20	137.10	148.20	120.10	114.30
NDTV	381.80	387.90	396.90	411.90	372.90	363.90
NEYVELI LIGN	119.30	118.20	126.00	132.60	111.60	103.80
NTPC	176.80	178.10	188.20	199.50	166.80	156.70
ONGC CORP.	997.55	997.60	1044.00	1090.40	951.20	904.90
ORIENT.BANK	161.10	158.70	171.90	182.60	148.00	134.80
PARSVNATH	117.25	115.00	122.80	128.40	109.40	101.60
PATEL ENG.	398.40	399.50	418.90	439.50	378.90	359.50
PATNI	212.95	216.00	224.80	236.60	204.20	195.50
PENIN LAND	68.65	67.00	72.70	76.70	63.00	57.30
PETRONET	61.35	60.10	64.50	67.60	57.00	52.70
PFC	135.25	129.80	142.00	148.80	123.00	110.70
PNB	483.70	469.40	513.30	542.90	439.80	396.00
POLARIS SOFT	99.10	94.30	109.50	120.00	83.80	68.60
PRAJ IND.LTD	187.30	190.50	202.80	218.30	175.00	162.60
PUNJ LLOYD	281.85	268.80	297.60	313.40	253.00	224.20
RAJESH EXPOR	50.80	51.70	54.70	58.60	47.80	44.90
RANBAXY LAB.	510.15	499.70	531.10	552.10	478.70	447.30
RCOM	436.00	454.80	499.20	562.50	391.50	347.10
REL	1010.25	978.70	1057.30	1104.40	931.60	853.00
REL.CAPITAL	1338.10	1297.70	1387.40	1436.60	1248.50	1158.80
RELIANCE	2297.60	2228.50	2382.10	2466.50	2144.10	1990.50
RENUKA	133.75	130.20	138.30	142.90	125.60	117.40
ROLTA	325.95	312.70	342.30	358.70	296.30	266.70
RPL	169.05	165.60	173.50	177.90	161.10	153.20
SATYAM COMP	391.05	383.10	401.90	412.80	372.20	353.30
SIEMENS	575.15	549.10	608.10	641.00	516.10	457.10
SOBHA	259.55	256.60	272.90	286.30	243.20	226.90
SRF LTD.	134.15	131.40	139.70	145.30	125.90	117.60
STATE BANK	1504.55	1443.50	1581.00	1657.50	1367.10	1229.60
STEEL AUTHOR	144.50	139.60	149.90	155.30	134.20	124.00
STER	632.30	611.50	660.80	689.30	583.00	533.60

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
STER OPTICAL	177.00	173.80	183.10	189.10	167.70	158.40
SUNTV	237.70	246.90	264.80	291.90	219.80	202.00
SUZLON	238.80	228.90	250.70	262.60	217.00	195.20
SYNDICATE BK	55.65	55.30	59.60	63.50	51.40	47.10
TATA POWER	1116.40	1098.80	1192.60	1268.80	1022.60	928.80
TATA MOTORS	395.25	407.10	423.20	451.10	379.20	363.10
TATASTEEL	679.85	647.20	716.60	753.30	610.50	541.10
TCS	840.65	827.50	870.10	899.50	798.10	755.60
TITAN IND.	1172.20	1141.10	1217.10	1262.10	1096.10	1020.10
TTML	25.95	25.70	26.90	27.90	24.70	23.50
UNION BANK	137.40	130.70	145.30	153.20	122.80	108.10
UNITECH LTD	169.50	164.20	176.20	182.80	157.50	145.50
UTI BANK	679.90	671.60	728.00	776.20	623.40	567.00
VSNL	449.20	437.60	478.80	508.50	408.00	366.80
VOLTAS	128.05	126.00	131.00	133.90	123.10	118.10
WIPRO	433.85	403.20	474.10	514.40	363.00	292.10
ZEEL	200.10	204.20	220.40	240.70	183.90	167.70

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STOCKS COVERED THIS WEEK

Company	Price 01.08.08 (Rs)	Report Type	Recommendation & Target (Rs)
NAGARJUNA CONSTRUCTION CO.	125.95	EARNINGS REVIEW	NEUTRAL
NTPC	176.70	EARNINGS REVIEW	NEUTRAL
RELIANCE COMMUNICATION	436.80	EARNINGS REVIEW	NEUTRAL
VISA STEEL	54.75	EARNINGS REVIEW	OUTPERFORM
VISHAL RETAIL	391.00	EARNINGS REVIEW	NEUTRAL

REVIEW OF STOCKS COVERED 3 MONTHS BACK

Company	Price 01.08.08 (Rs)	Recommendation	Reco.price 02.05.08 (Rs.)	Return (%)
SENSEX	14656		17600	(16.72)
BANK OF INDIA	-	RESULT REVIEW	-	
RELIANCE COMMUNICATION	-	RESULT REVIEW	-	
SIEMENS LTD	575	ACCUMULATE	578	(.51)
VISHAL RETAIL	-	RESULT REVIEW	-	

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RATING INTERPRETATION

Buy Expected to appreciate more than 20% over a 12-month period
 Accumulate Expected to appreciate up to 20% over a 12-month period
 Hold Expected to remain in a narrow range
 Avoid Expected to depreciate up to 10% over a 12-month period
 Exit Expected to depreciate more than 10% over a 12-month period

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