

DAILY MARKET OUTLOOK

Market Snapshot

After the Reserve Bank of India (RBI) decision to hike the Cash Reserve Ratio and Repo rate last Friday, the Sensex opened with a huge negative gap of 260 points at 12,812. Unabated selling, mainly in auto and banking stocks saw the index drift to lower levels as the day progressed. The index tumbled to a low of 12,426 before finally settling with a hefty loss of 617 points (4.7%) at 12,455. In the process, the index today recorded its second-biggest loss ever in absolute terms. Nifty lost 188 points to settle at 3633.

The NSE and BSE cash volumes were lower compared to the previous day at INR 68 and INR 29 bn respectively. The F&O volumes were higher at INR 281 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 30-29% levels. The WPCR of Nifty Options decreased to 0.88 compared to the previous day while the 5 day average is 0.91.

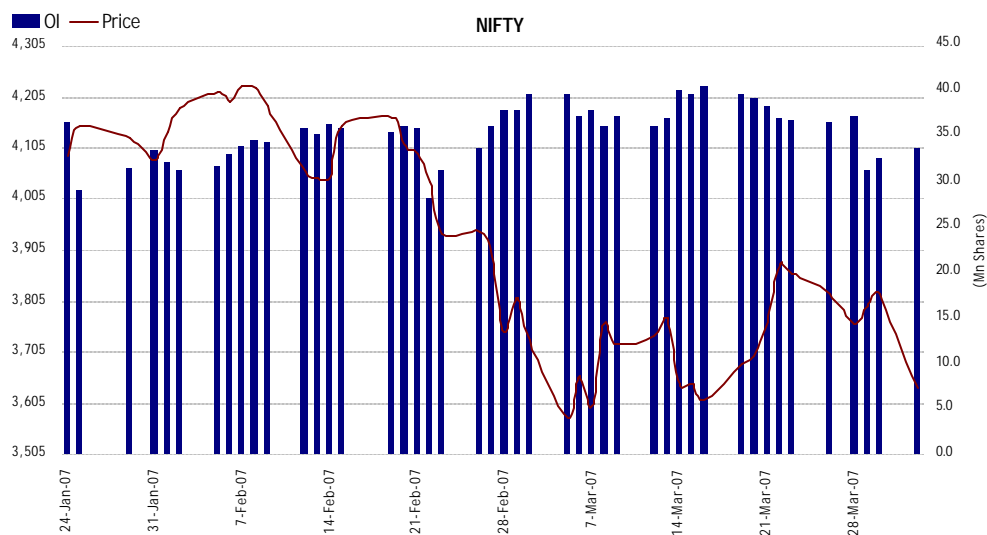
Outlook

The sentiment in the market continues to remain weak and we could witness some selling today if the index rises above yesterday's close. Nifty has taken support at its 200 DMA.

Yesterday, FIIs were net sellers to the tune of 1432 INR cr in index future and 106 INR cr in single stocks future. The Nifty has seen an OI buildup of 4% on the short side yesterday and a buildup of 8% in the last two trading session along with significant contraction in the cost of carry.

Auto companies have come out with their monthly sales numbers and Bajaj Auto has posted a decline of around 10% in its sales along with a loss of market share. Also, IT companies would further face pressure on account of rupee appreciation which will be affecting their margins and an earning guidance revision downwards is also expected from Infosys.

The Nifty has a resistance at 3647 followed by 3693. The support for the Nifty is at 3630 which is its 200 DMA followed by 3577.



April 3, 2007

Market Snapshot

	2-Apr	30-Mar	% Chg
Nifty	3633.6	3821.6	-4.9
Sensex	12455.4	13072.1	-4.7
BSE MidCap	5209.3	5384.1	-3.2
BSE SmallCap	6294.1	6470.5	-2.7

Apr Futures

	5.9%	8.5%	-30.8
Average ICC (p.a)**			

Volume (INR mn)

	216,870	191,528	13.2
Futures			
Call	35,999	26,668	35.0
Put	29,109	15,294	90.3
Total	281,979	233,490	20.8
NSE Cash Vol.	68,669	75,178	-8.7
BSE Cash Vol.	29,193	30,069	-2.9

Open Interest (INR mn)

	304,107	309,219	-1.7
Futures			
Call	51,496	43,571	18.2
Put	37,766	35,405	6.7
Total	393,370	388,194	1.3

Put Call Ratios

	0.83	0.59	40.0
PCR			
WPCR	0.82	0.57	44.6
OI PCR	0.74	0.77	-3.8
Total OI / Volume	1.40	1.66	-16.1

Nifty IVs at 30 - 29% levels.

FII Activity* (INR Mn) (30-Mar)

Volume	Buy	Sell	Net
Cash	-	-	-
Index Futures	5,324	9,603	(4,279)
Stock Futures	3,346	2,839	507
Total	8,670	12,442	(3,772)

Open Interest

	30-Mar	29-Mar	% Chg
Index Futures	142,473	134,762	5.7
Stock Futures	130,432	125,543	3.9
Total F&O OI	312,184	295,495	5.6

Mutual Fund Activity* (INR Mn) (30-Mar)

Volume	Buy	Sell	Net
Equity	2,972	3,809	(837)

*FII & MF Data is reported a day late

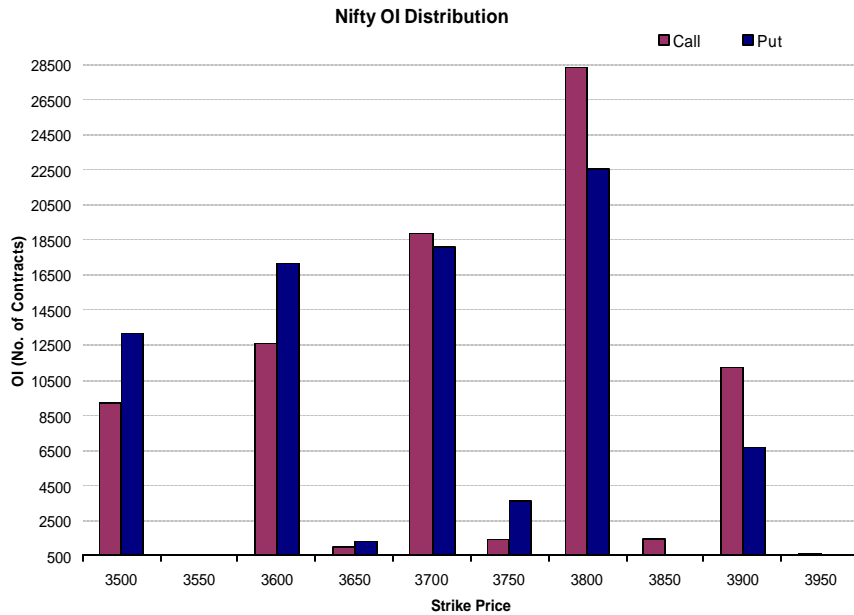
** Avg of positive ICC's

Pending Calls

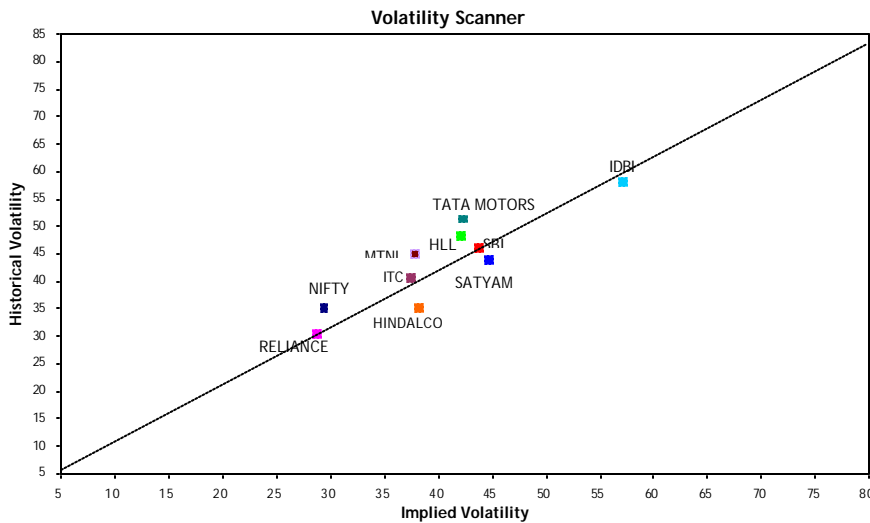
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
Bajaj Auto	Sell	3-Apr-07	2307.0	-	The company has been loosing market share over the last couple of months and on the back of weakening fundamentals we suggest going short at these levels.
Maruti	Sell	3-Apr-07	749.3	-	The stock has seen significant short build up yesterday on good volumes. The auto sector as a whole looks weak and we pick Maruti as a best pick to short.
Lupin	Buy	12-Mar-07	603.2	4%	The stock looks attractive at these levels as the company's US generic business is going to drive growth with the launch of Cefdinir in FY 08. Also the company's domestic formulation division has grown by 20% in past 3 years and we expect it to continue.
Matrixlabs	Buy	29-Mar-07	174.9	4%	The stock was holding pretty strong inspite of the falling market and closed flat without much change in OI. We remain bullish on the pharma sector and suggest staying invested.
Ranbaxy	Buy	29-Mar-07	341.3	-1%	The stock pared 3% in line with weak markets. However the pharma space was a relative outperformer and we suggest staying invested.
RCOM	Buy	22-Mar-07	396.9	-3%	With the reduction in ADC by 37% and expected short covering make this stock an attractive BUY at current levels.

Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
IFCI	Buy	22-Mar-07	26.8	28-Mar-07	32.5	21%
SesaGoa	Buy	15-Mar-07	1586.5	28-Mar-07	1746.4	10%
ORIENTBANK	Buy	22-Mar-07	177.5	2-Apr-07	187.6	6%
UnionBank	Buy	21-Mar-07	98.6	2-Apr-07	103.9	5%
ABAN	Buy	28-Mar-07	1915.6	2-Apr-07	2018.2	5%
Auropharma	Buy	29-Mar-07	648.2	2-Apr-07	679.5	5%
I-FLEX	Buy	28-Mar-07	1994.5	2-Apr-07	2083.0	4%
RPL	Buy	28-Mar-07	74.0	2-Apr-07	71.5	-3%



- Maximum OI increase was in the 3800 Call [increase of 41.7%], 3700 Call [increase of 61.7%], 3600 Put [increase of 123.3%].
- Maximum Volumes were witnessed by 3800 & 3700 Call and 3600 & 3700 Put.



Nifty IVs at 30-29% levels

High IVs

- Hindalco IV's are quoting at 38% as against HV's of 35%.
- Satyam IV's are quoting at 45% as against HV's of 44%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Auto	53180	48208	10.31%	-6.0%
Oil & Gas	118226	108964	8.50%	-2.5%
IT	85755	79684	7.62%	-3.8%
FMCG	32224	30691	5.00%	-2.4%
Telecom	58025	55496	4.56%	-3.5%
Construction	32638	31311	4.24%	-6.8%
Engineering & Capital Goods	59965	58241	2.96%	-4.5%
Power	27899	27114	2.90%	-2.1%
Pharma	35390	34723	1.92%	-1.9%
Banking	136237	134787	1.08%	-6.5%
Chemicals	8820	8854	-0.38%	-2.8%
Metals & Mining	77447	77839	-0.50%	-3.9%
Textile	17674	17779	-0.59%	-5.6%
Cement	39796	40933	-2.78%	-4.0%

- In the Banking Sector, Corporation Bank was down 10.8% followed by PNB and Oriental Bank which were down 10% each.
- There was huge short build up in the Construction space, IVRCL was down 12% with a 14% change in OI, Sobha was down 7% with a 21% change in OI and Nagar Construction was down 8% with an 8% change in OI.
- There was huge short build up in the Auto sector too, where we saw around 8-9% down movement in Tata Motors, M&M and Maruti with more than 20% change in OI in each of these counters.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
CNX IT	97	10	(4.6)	201
Bank Nifty	27	128	(6.6)	9
Tata Motors	26	5,157	(7.9)	53
M&M	24	1,739	(8.6)	19
Kotak Mahindra Bank	24	842	(4.3)	72
HDFC	23	1,052	(5.6)	84
Maruti	23	2,093	(8.7)	57
ONGC	22	6,375	(6.2)	63

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Balrampur Chini	(19)	5,930	2.2	(10)
Colgate Palmolive	(15)	372	0.0	63
Neyveli Lignite	(14)	3,062	4.2	223
Reliance Capital	(14)	3,032	(7.9)	23
Divi's Lab	(13)	410	(2.0)	(33)
Bajaj Hindustan	(13)	1,938	1.3	(29)
Sun Tv	(10)	354	(3.9)	(18)
BEL	(7)	314	(3.0)	(61)

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
VRCL	(11.7)	14	5,350	69
Corporation Bank	(10.8)	(3)	426	12
Oriental Bank	(10.2)	2	3,384	22
PNB	(10.0)	(4)	4,574	133
Bombay Dyeing	(10.0)	13	372	(6)
Vijaya Bank	(8.9)	13	5,279	190
Indusind Bank	(8.8)	(2)	13,602	(47)
Maruti	(8.7)	23	2,093	57

Top Volume Rises

Scrip	Chg	FutureVol	% Price Chg	% OI Chg
VSNL	390	3,141	(1.5)	16
Neyveli Lignite	223	1,982	4.2	(14)
Essar Oil	215	3,689	(0.6)	2
CNX IT	201	11	(4.6)	97
Vijaya Bank	190	2,098	(8.9)	13
Matrix Laboratories	146	844	(0.2)	(1)
Allahabad Bank	138	532	(5.0)	(6)
PNB	133	1,759	(10.0)	(4)

F&O CROSSOVER: -

Focus Stocks

- o Positives: Nifty, IPCL, MTNL, NTPC, Polaris, Reliance.
- o Negatives: ACC, Infosys, ONGC, SBI, TCS.

Portfolio Tracker

2-Apr-07

Scrip	Reco	Score	Score	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	3	3	28-Mar	3,761	3,634	5	-3.4%	3,630
ACC	Sell	(1)	(3)	21-Mar	753	704	12	6.4%	740
GAIL	Sell	(3)	(3)	22-Mar	277	267	11	3.5%	277
HLL	Sell	(1)	(1)	26-Mar	198	196	7	1.2%	205
HPCL	Neu**	(5)	(3)	29-Mar	249	240			
ICICI Bank	Neu**	1	1	2-Apr	804	804			
Infosys	Sell	(5)	(5)	9-Mar	2,121	1,923	24	9.3%	2,019
IPCL	Buy	3	3	13-Mar	265	259	20	-2.5%	257
Maruti	Sell	(3)	(1)	23-Mar	841	749	10	10.9%	787
MTNL	Buy	3	3	2-Apr	142	142			135
NTPC	Buy	5	5	28-Mar	143	147	5	2.6%	143
ONGC	Sell	(1)	(1)	26-Mar	850	826	7	2.8%	867
Polaris	Buy	5	5	2-Apr	171	171			163
Reliance	Buy	3	5	28-Mar	1,350	1,314	5	-2.7%	1,302
Satyam	Neu**	(1)	1	29-Mar	461	448			
SBI	Sell	(3)	(1)	26-Mar	1,014	931	7	8.2%	977
SCI	Sell	(1)	(1)	29-Mar	170	172	4	-1.3%	178
TCS	Sell	(5)	(5)	23-Mar	1,288	1,189	10	7.7%	1,249
Tata Motors	Neu**	1	1	2-Apr	671	671			
Tatasteel	Neu**	3	3	2-Apr	424	424			

Buy/ Sell/ Neutral = 6/9/5

o ICICI Bank hits the Stop Loss and moves into Neutral mode.

o MTNL moves into Buy Mode from Neutral Mode.

o Polaris moves into Buy Mode from Neutral Mode.

o Tata Motors hits the Stop Loss and moves into Neutral mode.

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

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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

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