

DAILY MARKET OUTLOOK

Market Snapshot

Mirroring mixed cues from the global markets, the Sensex opened marginally lower at 13,139, and swung in and out of the positive zone in early trades. Aggressive buying in cement, metal and select auto stocks helped the index flare up to an intra day high of 13,254. Eventually, the index ended with a significant loss of over 2% at 12,886 while Nifty lost 85 points and settled at 3,726.

The NSE & BSE cash volumes were slightly lower compared to the previous day at INR 89 bn and INR 40 bn. The F&O volumes were also lower at INR 316 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 27-28% levels. The WPCR of Nifty Options increased to 0.91 compared to the previous day while the 5 day average is 0.89.

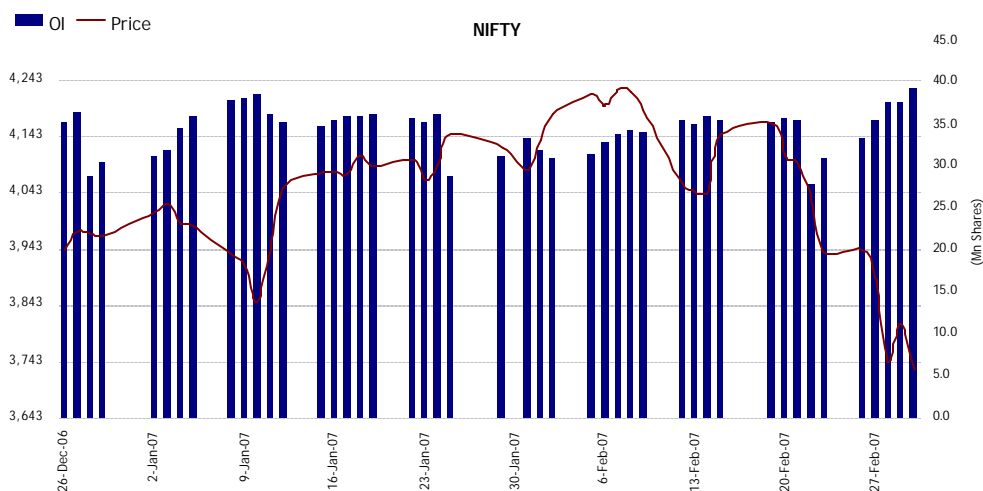
Outlook

In line with negative global cues especially the US markets, we expect the Nifty to open weak and remain volatile throughout the day. We recommend a cautious approach and advise investors to remain hedged on their fresh long positions. The global indices will continue to be in the nervous state in absence of any trigger until Friday when the US payroll data comes out.

The Nifty futures will remain in discount to the spot as fresh shorts continue to come in and markets expectations over dividend declarations in March after the new Dividend distribution tax policy. The Nifty IVs continue to rise as we see buildup in OI across 3700 call and puts.

Pharma, Telecom are expected to outperform the broader market.

Nifty has an immediate support at 3674 followed by 3644 which is its 200 EMA. The market may see some buying at these levels which will have a pullback on the Nifty. The resistance for Nifty is at 3783 and 3842.



March 5, 2007

Market Snapshot

	2-Mar	1-Mar	% Chg
Nifty	3726.8	3811.2	-2.2
Sensex	12886.1	13159.6	-2.1
BSE MidCap	5466.2	5522.6	-1.0
BSE SmallCap	6645.8	6712.9	-1.0

Mar Futures

Average ICC (p.a)**	6.0%	8.4%	-29.3
---------------------	------	------	-------

Volume (INR mn)

	258,909	275,735	-6.1
Futures	258,909	275,735	-6.1
Call	32,452	36,281	-10.6
Put	25,445	27,444	-7.3
Total	316,806	339,460	-6.7
NSE Cash Vol.	89,606	100,610	-10.9
BSE Cash Vol.	40,069	43,970	-8.9

Open Interest (INR mn)

	374,296	374,628	-0.1
Futures	374,296	374,628	-0.1
Call	78,594	75,655	3.9
Put	64,569	63,881	1.1
Total	517,459	514,164	0.6

Put Call Ratios

	0.80	0.77	3.2
PCR	0.80	0.77	3.2
WPCR	0.79	0.75	5.2
OIPCR	0.84	0.87	-2.8
Total OI/ Volume	1.63	1.51	7.8

Nifty IVs at 27 - 28% levels.

FII Activity* (INR Mn) (1-Mar)

Volume	Buy	Sell	Net
Cash	27,983	32,370	(4,387)
Index Futures	14,089	14,685	(596)
Stock Futures	8,431	2,888	5,543
Total	50,503	49,943	560

Open Interest

	1-Mar	28-Feb	% Chg
Index Futures	137,374	136,534	0.6
Stock Futures	152,726	149,197	2.4
Total F&O OI	350,911	341,308	2.8

Mutual Fund Activity* (INR Mn) (1-Mar)

Volume	Buy	Sell	Net
Equity	7,678	7,969	(291)

*FII & MF Data is reported a day late

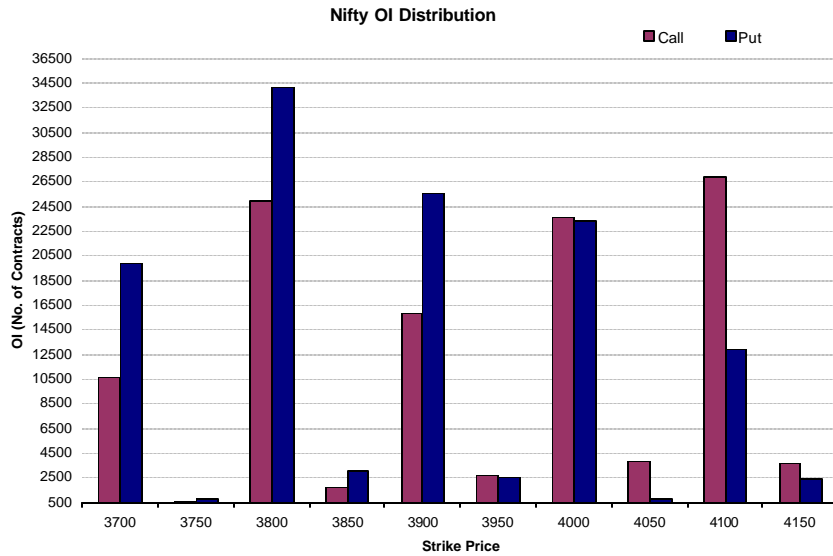
** Avg of positive ICC's

Pending Calls

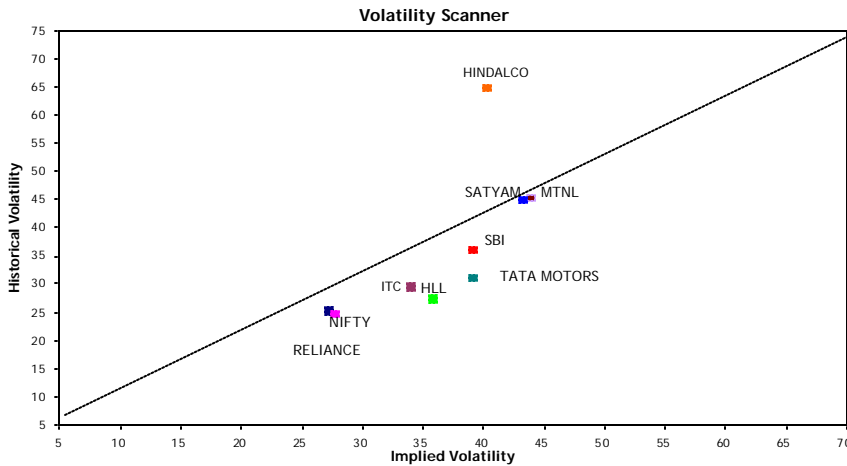
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
ICICI Bank	Buy	5-Mar-07	842.9	-	The stock looks very attractive at current level and also there is a news of the company planning to transfer its subsidiary into to separate holding company called icici holdings. These factors should keep the counter in good humor.
Suzlon	Buy	2-Mar-07	1051.8	-2%	The stock was down close to 2% in linwe with weak markets. We feel these are good levels to enter the scrip and suggest going long.
JSW Steel	Buy	2-Mar-07	471.0	-2%	The counter saw some selling and was down about 2% on high volumes. 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.
Infosystch	Buy	2-Mar-07	2103.2	-3%	The stock pared 3% due a huge sell of in the last hour of the trade. 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.
M&M	Closed Today	2-Mar-07	770.8	-4%	The stock pared 4% in line with weak markets and we suggest squaring off positins for now.

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%



- Maximum OI was added to 3800 call [increase of 6.4%] , 3700 Call [increase of 121.7%] and 3700 put [increase of 25.7%]
- Maximum Volumes were witnessed by 3800 & 3700 Call and 3800 & 3700 Put.



Nifty IVs at 27%-28% levels

High IVs

- HILL IVs are quoting at 36% as against HV's of 27%
- Tata Motors IVs are quoting at 39% as against HV's of 31%.
- SBI IV's are quoting at 39% as against HV's of 36%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Oil & Gas	149515	144032	3.81%	-0.6%
Metals & Mining	98192	95211	3.13%	-0.3%
IT	93652	91082	2.82%	-2.8%
Engineering & Capital Goods	53535	52916	1.17%	-2.0%
Telecom	66754	66202	0.83%	-2.5%
Banking	154527	154119	0.26%	-2.3%
Cement	41275	41236	0.09%	-1.8%
Pharma	47661	47706	-0.09%	-0.7%
FMCG	44258	44387	-0.29%	-0.7%
Chemicals	10723	10767	-0.41%	-1.9%
Auto	53910	54148	-0.44%	-0.9%
Power	32072	32521	-1.38%	-2.0%
Construction	44421	45226	-1.78%	-2.6%
Textile	23986	24754	-3.10%	-3.2%

- Amongst all the sectors, the Textile sector was down the most. Bombay Dyeing witnessed a huge sell off and was down 7% coupled with a 6% rise in OI
- In the Construction space, HCC was the major loser which was down by 7% followed by IVRCL which pared 5%.
- In the Telecom sector, VSNL which was up by 4% yesterday lost 5% today followed by Bharti and R Com which were down by 3% each.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
LT	13	1,796	(5.3)	(8)
Aurobindo Pharma	13	638	(3.1)	488
CESC Ltd	11	1,105	(1.8)	40
Cipla	8	3,284	(2.0)	(13)
CNX IT	8	11	(2.7)	(28)
SBI	8	6,182	(4.8)	44
Canara Bank	7	2,627	(3.5)	27
Orchid Chemicals	7	4,095	4.6	182

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Indian Bank	(25)	1,201	(0.4)	(50)
Kotak Mahindra Bank	(19)	916	2.0	29
Shree Renuka Sugars	(14)	510	3.9	78
Nagarjuna Construction	(11)	3,027	(3.5)	(34)
IFCI Ltd	(10)	87,476	(6.7)	(51)
Bharat Earth Movers	(10)	170	(1.3)	(4)
Voltas	(9)	1,838	(2.4)	40
Crompton Greaves	(8)	504	(0.4)	21

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Bombay Dyeing	(7.4)	6	503	(0)
IFCI Ltd	(6.7)	(10)	87,476	(51)
Hindustan Construction	(6.5)	(0)	6,847	(45)
Mphasis Ltd	(6.0)	(1)	7,419	(29)
Corporation Bank	(5.6)	7	619	565
VSNL	(5.3)	4	3,002	24
LT	(5.3)	13	1,796	(8)
Indusind Bank	(5.2)	(1)	17,317	14

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Corporation Bank	565	407	(5.6)	7
Aurobindo Pharma	488	453	(3.1)	13
Triveni Engineering	408	1,937	1.5	1
Allahabad Bank	399	1,112	(0.5)	(1)
Aban Offshore	322	475	3.5	(3)
Cairn India	293	2,443	2.9	(3)
IOB	256	336	(0.7)	0
Nicolas Piramal	250	212	(0.0)	0

F&O CROSSOVER: -

Focus Stocks

- o Positives: - ACC, IPCL, Polaris, Tata Motors.
- o Negatives: Nifty, HLL, HPCL, Infosys, NTPC, ONGC, Reliance, Satyam, TCS.

Portfolio Tracker

2-Mar-07

- o ACC moves into Buy Mode due to its OI indicator turning Positive. Sell Reco made a return of 15.9%.

- o IPCL moves into Buy Mode from Neutral Mode.

- o Polaris moves into Buy Mode due to its OI indicator turning Positive. Sell Reco made a return of 16.8%.

- o Tata Motors moves into Buy Mode due to its PCR & WPCR indicators turning Positive. Sell Reco made a return of 7.1%.

Scrip	Reco	2-Mar-07		1-Mar-07		Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score	Reco Date	Reco					
Nifty	Sell	(1)	(1)	27-Feb	3,894	3,727	3	4.3%	3,913	
ACC	Buy	1	(1)	2-Mar	854	854			812	
GAIL	Neu**	(1)	(1)	1-Mar	281	277				
HLL	Sell	(1)	(1)	29-Jan	215	179	32	16.7%	185	
HPCL	Sell	(5)	(5)	26-Feb	277	263	4	5.2%	276	
ICICI Bank	Sell	(1)	(1)	22-Feb	946	843	8	10.9%	871	
Infosys	Sell	(1)	(1)	15-Feb	2,383	2,094	15	12.1%	2,181	
IPCL	Buy	1	(1)	2-Mar	257	257			244	
Maruti	Sell	(5)	(5)	23-Feb	864	833	7	3.5%	875	
MTNL	Sell	(3)	(3)	21-Feb	143	135	9	5.6%	140	
NTPC	Sell	(1)	(1)	21-Feb	143	141	9	0.8%	147	
ONGC	Sell	(3)	(5)	21-Feb	873	799	9	8.5%	827	
Polaris	Buy	1	(1)	2-Mar	173	173			164	
Reliance	Sell	(5)	(3)	1-Mar	1,368	1,316			1,382	
Satyam	Sell	(1)	(5)	20-Feb	478	427	10	10.6%	435	
SBI	Sell	(1)	(5)	20-Feb	1,108	1,005	10	9.3%	1,055	
SCI	Sell	(3)	(3)	27-Feb	178	165	3	7.6%	173	
TCS	Sell	(1)	(5)	21-Feb	1,284	1,209	9	5.9%	1,253	
Tata Motors	Buy	1	(3)	2-Mar	775	775			737	
Tatasteel	Neu**	3	5	28-Feb	443	443				

Buy/ Sell/ Neutral = 4/14/2

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 Ra dke - 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.