

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened marginally higher and rallied to a high of 14,287 in early deals. However, sustained selling pressure at higher levels saw the index pare gains. A heavy bout of selling in late noon deals saw the index plunge to a low of 13,978. The Sensex finally settled with a loss of 167 points at 14,021 while Nifty lost 56 points to 4,040.

The NSE & BSE cash volumes were significantly better compared to the previous day at INR 117 bn and INR 42 bn. The F&O volumes were significantly higher compared to the previous day at INR 552 bn.

Sentiment Indicators

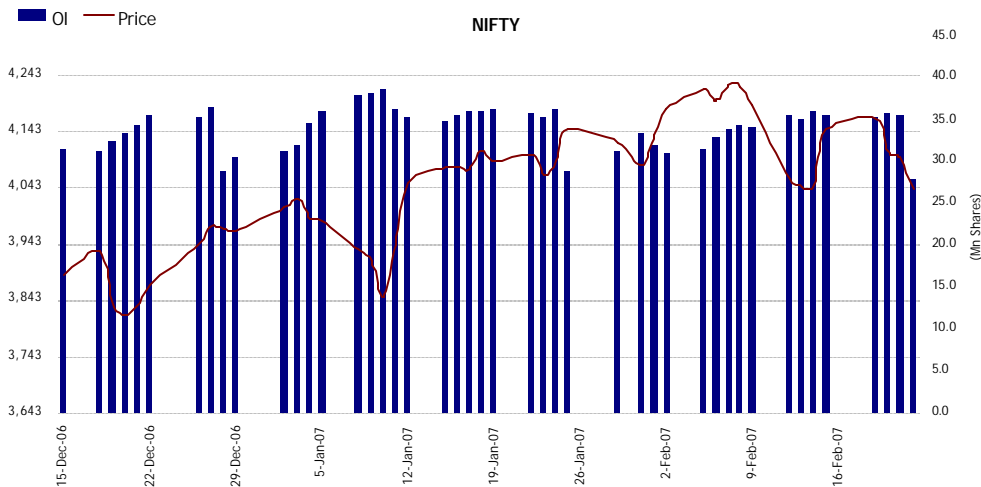
The Implied Volatility (IV) across Nifty strikes has remained unchanged at 26-29% levels. The WPCR of Nifty Options decreased to 1.00 compared to the previous day while the 5 day average is 1.09. The February futures are now trading at 27 points premium. The Nifty Futures OI has decreased by 22%.

Outlook

We expect the market to open with a positive gap for VWAP adjustment and to stay subdued for the rest of the session in the absence of any major triggers. The last half an hour of trading session witnessed Nifty plummeting by about 60 points on the back of unwinding of arbitrage position and VWAP basket selling. Base metals were up on the LME which might lead to some buying interest across metal stocks.

The market wide rollovers were at 83%, which is in-line with previous expiries. Nifty rollovers were very healthy with 77% positions getting rolled into the March contract. However the average market wide roll cost expanded to 85 bps from 62 bps on Wednesday. IT, Pharma and Textile stocks have seen strong rollover while FMCG and Auto were on the weaker side. Buying opportunities can be seen in TVS Motors, GMR, LITL, Siemens and Amtek Auto

After breaking the support level of 4080 the Nifty tumbled down steeply as predicted by the technical charts. The next support for Nifty is at 4009 which is also a 60 DMA and trend line support level followed by next support level of 3965. Resistance for Nifty is at 4091 and 4111.



February 23, 2007

Market Snapshot

	22-Feb	21-Feb	% Chg
Nifty	4040.0	4096.2	-1.4
Sensex	14021.3	14188.5	-1.2
BSE MidCap	5804.5	5877.2	-1.2
BSE SmallCap	7173.4	7224.4	-0.7

Mar Futures

Average ICC (p.a)**	13.5%	11.2%	21.2
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Volume (INR mn)

	22-Feb	21-Feb	% Chg
Futures	479,431	414,470	15.7
Call	41,954	38,036	10.3
Put	31,026	32,481	-4.5
Total	552,410	484,987	13.9
NSE Cash Vol.	117,170	84,410	38.8
BSE Cash Vol.	42,423	40,977	3.5

Open Interest (INR mn)

	22-Feb	21-Feb	% Chg
Futures	348,703	429,725	-18.9
Call	35,955	105,799	-66.0
Put	44,381	98,876	-55.1
Total	429,038	634,400	-32.4

Put Call Ratios

	0.74	0.86	-13.5
PCR	0.73	0.84	-13.2
WPCR	1.22	0.90	36.3
OI PCR	0.78	1.31	-40.6
Total OI/ Volume			

Nifty IVs at 26 - 29% levels.

FII Activity* (INR Mn) (21-Feb)

Volume	Buy	Sell	Net
Cash	22,400	22,802	(402)
Index Futures	31,310	35,160	(3,850)
Stock Futures	39,822	41,577	(1,755)
Total	93,532	99,539	(6,007)

Open Interest

	21-Feb	20-Feb	% Chg
Index Futures	131,528	135,293	(2.8)
Stock Futures	185,650	185,249	0.2
Total F&O OI	398,159	401,473	(0.8)

Mutual Fund Activity* (INR Mn) (21-Feb)

Volume	Buy	Sell	Net
Equity	5,578	5,400	178

*FII & MF Data is reported a day late

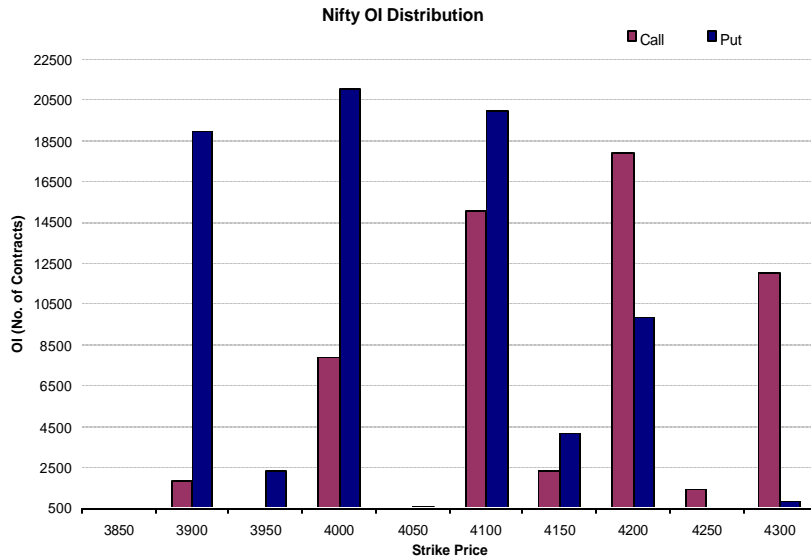
** Avg of positive ICC's

Pending Calls

Scrp	Action	Date of Recommendation	Market Price	Returns	Rationale
Bhartiartl	Buy	12-Feb-07	802.0	7%	The stock was down about a percent in line with weak markets. We expect a strong positive rub-off effect of the Hutch deal on the scrip. At current valuations it is at a discount to price that has been paid for Hutch, and hence the scrip should expect positive momentum
Suzlon	Buy	21-Feb-07	1040.3	6%	The stock gained 2% on high volumes. With Areva TNT outbidding Suzlon it doesn't seem like it will revise its bid. Since it looks like that the stock has bottomed out we remain positive on the scrip.
HCLTech	Buy	19-Feb-07	693.6	3%	The stock was down 2% on low volumes. We remain positive on the scrip.
ABirlaNuvo	Buy	5-Feb-07	1296.4	2%	The stock was up close to 1% on good volumes. With the Idea IPO open, we expect the stock to stay in good humor the company has a stake in Idea. We remain positive on the scrip.
ABB	Buy	19-Feb-07	3795.7	0%	The stock was down close to 2% on low volumes. The stock is looking good on the back of good results announced on last Friday. Also there is a news of stock split in the ratio of 5:1 which should keep the stock in good humor.
RCom	Buy	21-Feb-07	450.6	0%	The stock witnessed tremendous buying pressure and was up 1% on high volumes. With TRAI backing the proposal for reduction in telecom levies and spectrum charges, we pick R Com as the major beneficiary and our best pick in the sector.
INDIACEM	Buy	15-Feb-07	190.7	-1%	In line with weak markets the stock was down close to 3%. It is a good pick at current levels with not much buying even on the backdrop of other cement peers performing well coupled with the continued bullish tone in the cement sector.

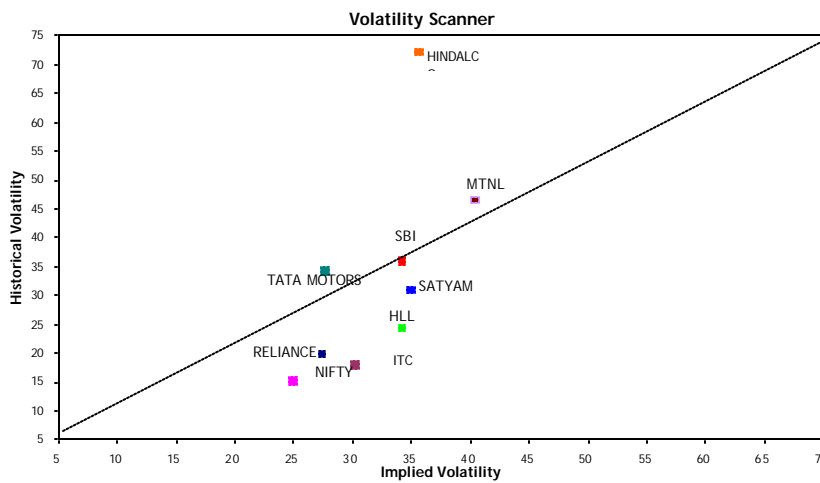
Closed Calls

Scrp	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%
MphasisBFL	Buy	2-Feb-07	290.6	6-Feb-07	312.8	8%
AmtekAuto	Buy	6-Feb-07	377.3	8-Feb-07	404.4	7%
Nationalum	buy	24-Jan-07	221.1	5-Feb-07	237.0	7%
Suzlon	Sell	14-Feb-07	1098.9	20-Feb-07	1029.4	7%
ICICBank	Sell	14-Feb-07	955.9	19-Feb-07	948.5	1%
Hindlever	Buy	19-Feb-07	206.0	21-Feb-07	199.7	-3%
Satyamcomp	Buy	19-Feb-07	485.6	22-Feb-07	462.2	-5%



- Maximum OI was added to 4200 call [increase of 28.5%] , 4100 put [increase of 39.1%] and 4000 put [increase of 22.5%]
- Maximum Volumes were witnessed by 4200 & 4100 Call and 4000 & 4100 Put.

Note :- Data given is for March options.



Nifty IVs at 26%-29% levels

High IVs

- SATYAM IVs are quoting at 35% as against HV's of 31%
- ITC IVs are quoting at 30% as against HV's of 18%.
- HLL IV's are quoting at 34% as against HV's of 24%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Cement	43853	43637	0.49%	-3.2%
Pharma	41530	46343	-10.39%	-1.8%
Chemicals	9453	10731	-11.91%	-0.6%
Auto	48486	55111	-12.02%	-2.1%
Textile	15801	18106	-12.73%	-3.3%
Banking	80044	94276	-15.10%	-2.5%
Metals & Mining	90709	107270	-15.44%	-1.6%
Construction	37656	44708	-15.77%	-3.1%
Oil & Gas	81680	97958	-16.62%	-1.8%
Telecom	52492	63682	-17.57%	-1.7%
FMCG	38366	47803	-19.74%	-2.9%
Engineering & Capital Goods	52158	66259	-21.28%	-1.9%
IT	55401	70823	-21.78%	-1.1%
Power	27091	34924	-22.43%	-0.9%

- Amongst all the sectors, the Textile sector was down the most. Bombay Dyeing pared 4% on high volumes followed by Alok and Arvind Mills which were down by 3% each.
- In the Cement space, Grasim saw a huge short build up and was down 5% with a 23% rise in OI.
- In the Construction sector, LITL was down 5% on high volumes followed by IVRCL and HCC which were down by 4% each.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Lupin	110	1,218	1.5	142
Grasim	23	785	(5.0)	165
Gujarat Amb	10	30,817	(4.0)	101
Amtek Auto	1	1,259	(1.3)	216
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Chennai Petroleum	(65)	6	1.1	96
J & K Bank	(58)	68	2.6	219
IOB	(45)	776	(1.0)	9
Ultratech Cement	(44)	192	0.3	13
Strides Arcolab	(40)	229	(0.4)	0
Federal Bank	(37)	469	(0.9)	138
I-Flex	(37)	222	1.6	15
GE Shipping	(35)	1,068	(1.1)	48

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
TVS Motors	(6.8)	(7)	10,231	122
Dabur India	(5.5)	(30)	4,674	32
Allahabad Bank	(5.5)	(28)	2,901	63
Corporation Bank	(5.3)	(14)	622	168
Triveni Engineering	(5.2)	(16)	3,215	52
Syndicate Bank	(5.1)	(3)	9,074	150
Bank of India	(5.0)	(12)	6,107	105
Grasim	(5.0)	23	785	165

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
J & K Bank	219	217	2.6	(58)
Amtek Auto	216	1,434	(1.3)	1
Bank Nifty	205	188	(2.9)	(33)
Corporation Bank	168	856	(5.3)	(14)
Grasim	165	1,113	(5.0)	23
Canara Bank	151	4,016	(1.6)	(12)
Syndicate Bank	150	11,248	(5.1)	(3)
Indian Hotels	149	5,845	(1.2)	(11)

F&O CROSSOVER: -

Focus Stocks

- Positives: Nifty, Maruti, SCI, Tata steel
- Negatives: HLL, ICICI Bank, Infosys, NTPC, ONGC, Polaris, Tata Motors.

Portfolio Tracker

22-Feb-07

Scrip	Reco	22-Feb-07		21-Feb-07	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score							
Nifty	Buy	1	(1)	(1)	22-Feb	4,040	4,040			3,838
ACC	Sell	(3)	(5)	(5)	19-Feb	1,016	960	3	5.5%	1,008
GAIL	Sell	(3)	(3)	(3)	20-Feb	295	272	2	7.9%	286
HLL	Sell	(3)	(5)	(5)	29-Jan	215	191	24	10.9%	201
HPCL	Neu**	(5)	(3)	(3)	21-Feb	294	287			
ICICI Bank	Sell	(1)	(3)	(3)	22-Feb	946	946			994
Infosys	Sell	(3)	(3)	(3)	15-Feb	2,383	2,288	7	4.0%	2,402
IPCL	Sell	(3)	(3)	(3)	13-Feb	263	260	9	1.1%	273
Maruti	Buy	1	3	3	21-Feb	898	880	1	-2.0%	853
MTNL	Sell	(3)	(1)	(1)	21-Feb	143	140	1	1.9%	147
NTPC	Sell	(3)	(5)	(5)	21-Feb	143	143	1	0.0%	150
ONGC	Sell	(5)	(5)	(5)	21-Feb	873	855	1	2.1%	898
Polaris	Sell	(1)	1	1	22-Feb	208	208			218
Reliance	Neu**	1	(1)	(1)	22-Feb	1,412	1,412			
Satyam	Sell	(3)	(3)	(3)	20-Feb	478	459	2	3.9%	482
SBI	Sell	(1)	(1)	(1)	20-Feb	1,108	1,078	2	2.7%	1,132
SCI	Buy	1	1	1	20-Feb	180	177	2	-1.7%	171
TCS	Sell	(3)	(1)	(1)	21-Feb	1,284	1,294	1	-0.8%	1,348
Tata Motors	Sell	(1)	1	1	22-Feb	835	835			877
Tatasteel	Buy	1	(1)	(1)	22-Feb	455	455			432

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

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INDIA RESEARCH

SECTOR

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Sumeet Budhraj - 2286 4430	FMCG	Monil Bhala - 2286 4363
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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
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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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