

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened with a positive gap of 35 points at 14,166. Aggressive buying in ONGC, Reliance, HDFC and Bharti Airtel saw the index zoom to an all-time, intra-day high of 14,326. However, a heavy bout of selling in late noon trades saw the index wipe out the gains and slip to a low of 14,140. The index, however, bounced back immediately, and finished with a gain of 86 points at 14,218. Nifty gained 33 points to close at 4,109.

The NSE & BSE cash volumes were slightly higher compared to the previous day at INR 101 bn and INR 50 bn. The F&O volumes were significantly higher compared to the previous day at INR 400 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has decreased to 19-22% levels. The WPCR of Nifty Options decreased to 0.66 compared to the previous day while the 5 day average is 0.82. The January futures are now trading at 1 point premium. The Nifty Futures OI has decreased by 1 %.

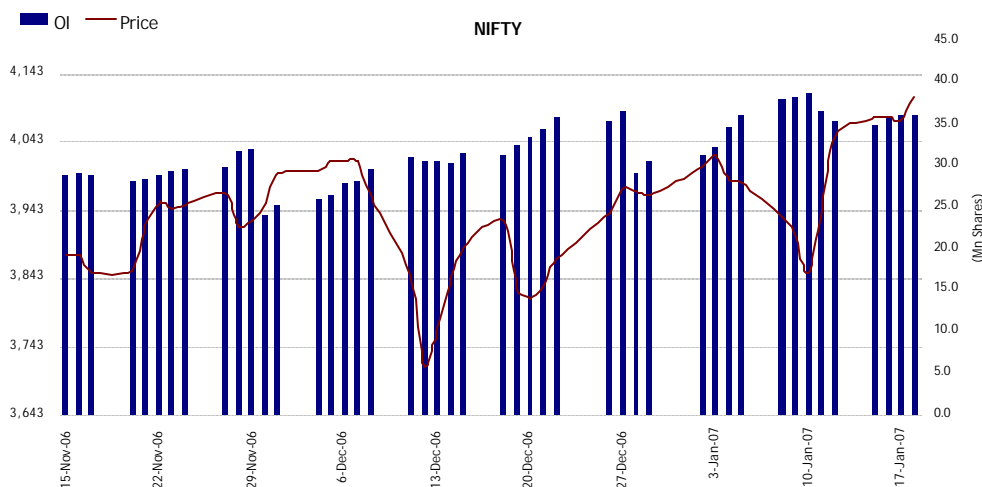
Outlook

We expect the markets to open strong on the back of stellar performance by the index heavyweight Reliance and also good set off numbers reported by other frontline companies such as Ranbaxy, REL and Tech Mahindra. The crude broke the psychological barrier of \$50 making OMC's to continue their upbeat performance. Aviation sector is also expected to benefit from the fall in the crude prices. However, we recommend caution as some profit booking could take place at higher levels.

Nifty OI futures inched down by 1% and the CoC increased by 1%. The IVs decreased marginally by 2 vol points to 19-22%. There was good buying by FIIs on both the index and stock futures, INR 6.8 bn and INR 1.1 bn respectively. Investors with sizeable short positions to short roll should start participating at 4-5 points.

We recommend going long on basket of oil marketing companies and select aviation stocks as a short term trading idea.

Nifty has an immediate support at 4092 and have a new immediate resistance at 4170.



January 19, 2007

Market Snapshot

	18-Jan	17-Jan	% Chg
Nifty	4109.1	4076.5	0.8
Sensex	14217.8	14131.3	0.6
BSE MidCap	6103.6	6118.7	-0.2
BSE SmallCap	7598.5	7577.9	0.3

Jan Futures

Average ICC (p.a)**	21.5%	22.7%	-5.4
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Volume (INR mn)

	324,790	204,052	59.2
Futures	39,688	21,314	86.2
Call	36,488	14,148	157.9
Put	400,967	239,515	67.4
Total	101,781	87,660	16.1
NSE Cash Vol.	50,774	47,462	7.0
BSE Cash Vol.			

Open Interest (INR mn)

	442,074	448,193	-1.4
Futures	83,198	81,690	1.8
Call	100,418	95,828	4.8
Put	625,690	625,712	0.0
Total			

Put Call Ratios

	0.92	0.66	39.6
PCR	0.04	0.04	-1.6
WPCR	1.17	1.13	2.8
OI PCR	1.56	2.61	-40.3
Total OI/ Volume			

Nifty IVs at 19 - 22% levels.

FII Activity* (INR Mn) (17-Jan)

Volume	Buy	Sell	Net
Cash	17,165	16,253	912
Index Futures	6,129	6,632	(503)
Stock Futures	4,589	5,860	(1,271)
Total	27,883	28,745	(862)

Open Interest

	17-Jan	16-Jan	% Chg
Index Futures	125,314	122,701	2.1
Stock Futures	167,819	166,190	1.0
Total F&O OI	374,079	364,955	2.5

Mutual Fund Activity* (INR Mn) (17-Jan)

Volume	Buy	Sell	Net
Equity	6,237	5,341	896

*FII & MF Data is reported a day late

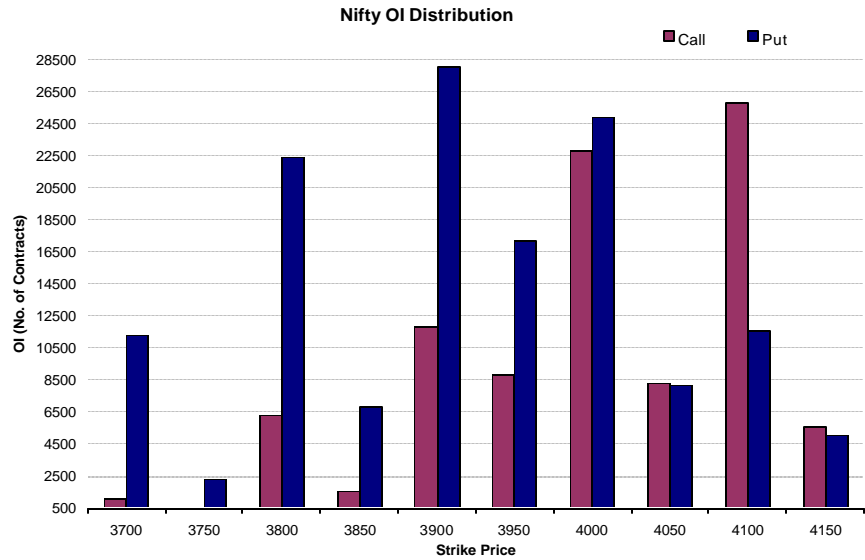
** Avg of positive ICC's

Pending Calls

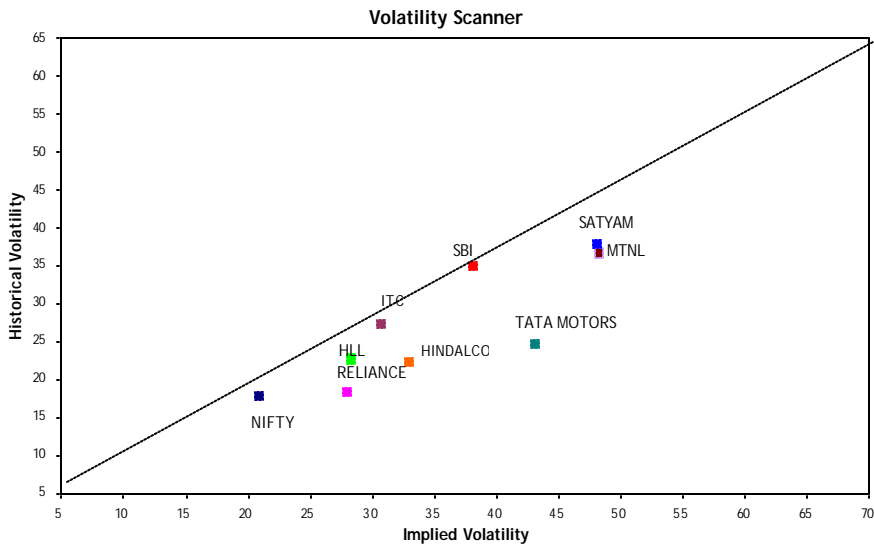
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
MTNL	Buy	19-Jan-07	161.3	-	The company is in talks with builders to develop commercial property on land it owns in Mumbai & Delhi which will lead to windfall gains for the company. We therefore suggest going long at these levels.
ROLTA	Buy	8-Jan-07	323.7	21%	The stock continued with the up move and surged 7%.We have been recommending the stock since the recent Indo-US Nuke deal makes this niche IT player a major beneficiary and is expected to outperform the sector.
IndHotel	Buy	2-Jan-07	158.8	3%	The stock was up close to 1% with a 4% fall in OI. We expect the counter to perform on the back of higher than expected increase in ARR, overall capacity lagging demand and good expected quarterly numbers.
BHEL	Buy	15-Jan-07	2299.6	2%	The stock witnessed huge short covering as the OI was down 10% with a 1% rise in price. The company is planning to revive its Oil Rigging business and also on the technical front, the stock is at its 200 DMA support with a morning star pattern.
Hindpetro	Buy	18-Jan-07	321.2	2%	The stock was up more than 2% and has been witnessing huge volumes over the last two sessions.With Crude prices falling below \$51/bbl, we expect OMC's to outperform.
Reliance	Buy	15-Jan-07	1367.0	2%	The stock ended 1% higher on very high volumes due to better than expected results. With the news of the company setting up a refinery in Yemen, we expect the stock to be in good humor.
IndiaCEM	Buy	16-Jan-07	244.7	2%	The stock was down close to 1% on low volumes. Also the result expectations are on the better side. We suggest india cement as the best pick in the sector.
VSNL	Buy	17-Jan-07	478.1	1%	The stock witnessed short covering as the price was up more than 3% with a 12% fall in OI. There is a news of the company hiving off the real estate division on JRD Tata's birthday.
SBIN	Buy	18-Jan-07	1231.6	1%	The stock closed on a marginal positive note on high volumes with a 5% fall in OI. With Banking results around the corner, we expect the sector to outperform.
PNB	Buy	18-Jan-07	526.0	0%	The stock closed on a flat note with a 4% fall in OI. The company is planning to hive off its stake in NCDEX which bodes well for the stock.
JKCEM	Buy	16-Jan-07	198.3	0%	The stock closed on a flat note. The breakout candle has a 13DMA support.
ShreeCem	Buy	17-Jan-07	1524.1	0%	The company is planning a huge capacity expansion and will be able to cash in on it by next year ahead of its peers. Also the stock has witnessed tremendous buying interest lately.
Suzlon	Sell	16-Jan-07	1283.8	-1%	The stock closed on a marginal negative note on low volumes. We remain bearish on the counter due to declining margins and hence weak Q3 numbers.
Maruti	Closed Today	16-Jan-07	918.3	-1%	The stock closed 1% higher on high volumes with a 10% fall in OI. We suggest squaring off long positions as there has been tremendous short covering yesterday.
M&M	Buy	17-Jan-07	966.6	-2%	The stock closed half a percent positive. There is a news of the company setting up a INR 2500 cr plant in PUNE. We expect the stock to rally further.
McDowell-N	Closed Today	17-Jan-07	800.1	-2%	The stock was down 2% yesterday.We suggest booking losses.

Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Great Offshore	Buy	21-Dec-06	705.0	3-Jan-07	806.2	14%
Federal Bank	Buy	12-Jan-07	237.2	16-Jan-06	259.3	9%
ONGC	Buy	18-Dec-06	820.3	8-Jan-07	896.0	9%
Aditya Birla Nuvo	Buy	11-Dec-06	1203.3	5-Jan-07	1305.0	9%
Sobha Developers	Buy	26-Dec-06	1008.3	10-Jan-07	1087.5	8%
Can Bank	Buy	12-Jan-07	256.8	16-Jan-06	271.3	6%
Jpassociat	Buy	11th Jan, 2007	691.8	18-Jan-06	730.4	6%
TCS	Buy	8th Jan, 2007	1262.6	18-Jan-06	1305.9	3%
HindZinc	Sell	10-Jan-07	793.0	11-Jan-07	770.5	3%
Nagarjuna Construction Co	Buy	3rd Jan, 2007	219.8	18-Jan-06	221.2	1%



- Maximum OI was added to 4150 call [increase of 48.8%] and 4100 put [increase of 26.1%], 4000 put [increase of 6.4%]
- Maximum Volumes were witnessed by 4100 & 4000 Call and 4100 & 4000 Put.



Nifty IVs at 19%-22% levels

High IVs

- Tata Motors IVs are quoting at 43% as against HV's of 25%
- MTNL IVs are quoting at 48% as against HV's of 37%.
- HINDALCO IVs are quoting at 33% as against HV's of 22%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Chemicals	11125	11013	1.02%	-0.8%
Metals & Mining	96449	96326	0.13%	-0.5%
Banking	85960	86121	-0.19%	0.1%
Pharma	41289	41631	-0.82%	0.0%
Construction	47889	48288	-0.83%	-1.1%
Power	30132	30390	-0.85%	-0.6%
Textile	16305	16455	-0.92%	-1.3%
Cement	30400	30853	-1.47%	-0.4%
Engineering & Capital Goods	69435	70887	-2.05%	-0.4%
Oil & Gas	114162	117192	-2.59%	1.5%
FMCG	48179	49796	-3.25%	1.0%
Telecom	63325	65625	-3.50%	-0.1%
Auto	62390	65294	-4.45%	0.0%
IT	81252	85833	-5.34%	-0.2%

- Amongst all the sectors, the Oil & Gas sector was up the most. IOC moved up by 4% on huge volumes followed by Gail & ONGC which were up by 2% each.
- In the FMCG space, Dabur witnessed a huge long build up with a 10% rise in price and OI ITC on the other hand saw a huge short covering as the price was up by 2% with a 7% fall in OI.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
SCI	49	2,021	5.6	705
Nicolas Piramal	44	1,114	4.1	3558
Chambal Fertilizers	23	7,707	(4.3)	260
Canara Bank	20	1,760	0.1	560
Ultratech Cement	18	364	(1.4)	81
Sun Tv	13	848	4.9	588
Dabur India	11	4,594	10.5	1031
IDBI	10	31,944	2.6	89

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
IFCI Ltd	(27)	64,733	0.4	(33)
Cairn India	(16)	6,153	1.1	117
Karnataka Bank	(12)	5,915	1.8	(8)
Wockhardt	(12)	1,296	2.2	236
VSNL	(12)	3,607	3.5	139
SAIL	(11)	22,704	1.9	(31)
BHEL	(10)	1,948	1.2	197
Maruti	(10)	2,798	1.1	10

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Dabur India	10.5	11	4,594	1031
SCI	5.6	49	2,021	705
Sun Tv	4.9	13	848	588
Chambal Fertilizers	(4.3)	23	7,707	260
Nicolas Piramal	4.1	44	1,114	3558
IOC	3.7	1	1,618	143
VSNL	3.5	(12)	3,607	139
HDFC	3.4	(7)	1,032	141

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Nicolas Piramal	3558	5,045	4.1	44
Dabur India	1031	8,411	10.5	11
SCI	705	3,363	5.6	49
Jindal Steel & Power	666	79	(0.3)	0
Allahabad Bank	594	1,803	0.9	5
Sun Tv	588	1,563	4.9	13
Canara Bank	560	3,338	0.1	20
Andhra Bank	559	2,456	0.8	5

F&O CROSSOVER: -

Focus Stocks

- o Positives: Nifty, HLL, HPCL, NTPC, Reliance, SBI, SCI
- o Negatives: ICICI Bank, Infosys, ONGC.

Portfolio Tracker

18-Jan-07

Scrip	Reco	18-Jan-07	17-Jan-07	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score						
Nifty	Buy	1	1	18-Jan	4,109	4,109			3,904
ACC	Buy	1	1	11-Jan	1,049	1,096	7	4.5%	1,047
GAIL	Buy	3	3	9-Jan	285	282	9	-1.1%	271
HLL	Buy	3	3	17-Jan	221	224	1	1.5%	213
HPCL	Buy	3	3	29-Dec	279	321	20	15.3%	305
ICICI Bank	Sell	(1)	1	18-Jan	971	971			1,020
Infosys	Sell	(3)	(3)	12-Jan	2,223	2,224	6	0.0%	2,316
IPCL	Buy	1	1	17-Jan	288	289	1	0.5%	275
Maruti	Sell	(1)	(1)	5-Jan	935	919	13	1.7%	925
MTNL	Buy	3	3	22-Dec	139	161	27	15.9%	156
NTPC	Buy	3	1	17-Jan	140	140	1	0.1%	133
ONGC	Sell	(1)	1	18-Jan	915	915			961
Polaris	Buy	3	3	11-Jan	211	217	7	2.8%	210
Reliance	Buy	1	3	22-Dec	1,273	1,367	27	7.5%	1,299
Satyam	Buy	1	1	17-Jan	508	515	1	1.3%	489
SBI	Buy	3	1	17-Jan	1,223	1,229	1	0.5%	1,168
SCI	Buy	5	5	19-Dec	154	180	30	16.7%	171
TCS	Neu**	1	(1)	16-Jan	1,324	1,315			
Tata Motors	Buy	3	3	12-Jan	941	954	6	1.4%	917
Tatasteel	Buy	3	5	15-Jan	486	476	3	-2.1%	462

Buy/ Sell/ Neutral = 15/4/1

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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Gautam Roy - 2286 4305	Airlines, Textile	Rajesh Makharia - 2286 4202
Ashutosh Goel - 2286 4287	Automobiles, Auto Components	Shabnam Kapur - 2286 4394
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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
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Nimish Mehta - 2286 4295	Pharmaceuticals, Agrochemicals	Harsh Biyani - 2286 4419
Manika Premsingh - 4019 4847	Economist	Nimal Ajmera - 2286 4258
Sunil Jain - 2286 4308	Alternative & Quantitative	Ankit Doshi - 2286 4671
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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

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