

New high in the offing

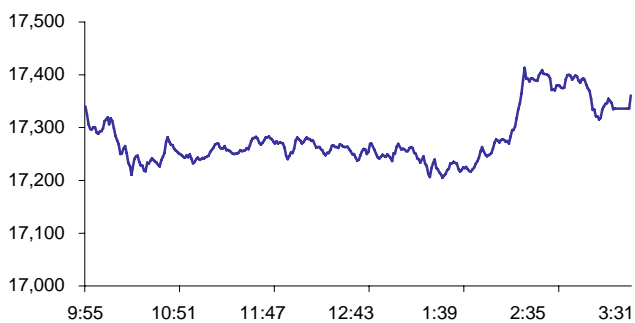
Reach high, for stars lie hidden in your soul. Dream deep, for every dream precedes the goal.

After a really long weekend, the market could be headed for a new high before bidding farewell to the year 2009. However, with only three trading sessions and F&O expiry one will have to brace for a volatile week. Trading might be thin, both here as well as overseas, as many players would have opted for an extended year-end holiday. As for today, we see a modestly higher opening for the key indices and sideways movement. We would urge some caution at this juncture, as the market has already had a spectacular rally this year.

The headroom for further advance is limited. One will have to be extremely choosy and careful. Factors like rising inflation, an impending hike in interest rates and high fiscal deficit could weigh on the sentiment.

There are also worries as to how different nations go about withdrawing the emergency stimulus measures, and how it may affect the economic recovery. On the corporate front, future earnings growth will have to reflect pick-up in demand rather than just cost cutting.

Sensex intra-day



ADR/GDR	Latest (US\$)	Price % chg	% Prem/Disc
Dr. Reddys	25.3	(0.4)	(0.5)
HDFC Bk	131.1	0.7	19.2
ICICI Bk	37.3	0.8	0.6
ITC	5.5	0.4	0.3
Infosys	55.9	(0.2)	0.6
Satyam	4.7	(1.5)	11.3
Ranbaxy	11.1	(2.6)	(0.4)
Reliance	45.9	1.4	(0.6)
Wipro	22.6	(0.3)	51.8
SBI	94.2	(0.1)	(1.0)
Tata Motors	16.8	(2.5)	0.3
Sterlite	18.4	0.1	(0.3)
L&T	36.0	0.7	(0.2)

Indian market	Last close	1 day	% change	
			3 mth	YTD
Sensex	17,361	0.8	4.0	80.0
Nifty	5,178	0.0	4.4	75.0
BSE 100	2,170	0.7	5.8	87.6
BSE 200	6,798	0.6	5.9	89.0
CNX Midcap	7,393	0.0	11.9	97.9
BSE Smallcap	8,121	0.6	9.0	120.5

Developed market	Last close	1 day	% change	
			3 mth	YTD
Dow Jones	10,547	0.3	8.3	20.2
Nasdaq	2,291	0.2	7.9	45.3
S&P 500	1,128	0.1	6.3	24.9
FTSE	5,402	0.6	6.3	21.8
CAC	3,947	0.9	3.5	22.7
DAX	6,003	0.8	5.1	24.8
Hang Seng*	21,484	0.0	2.2	49.3
Nikkei*	10,627	(0.1)	5.2	20.0
S&P/ASX200*	4,850	1.2	2.9	30.3

* Markets are open

Emerging market	Last close	1 day	% change	
			3 mth	YTD
Shanghai Comp	3,192	0.1	15.9	75.3
Brazil Bovespa	67,902	0.5	10.9	80.8
Mexico Bolsa	32,611	0.2	10.8	45.7
Kospi*	1,676	(0.6)	(0.8)	49.0
Micex	1,362	0.3	12.3	119.8
Taiwan*	8,054	(0.0)	8.4	75.4
Straits*	2,859	0.1	7.4	62.3

* Markets are open

Institutional activity (Rs cr)	Cash	F&O	% change	
			MTD	YTD
FIs	1,354	(900)	8,676	82,875
MFs	101	-	(1,449)	(4,763)
FIs Prov.	706			
MFs Prov.	(111)			

Commodities	Last close	1 day	% change	
			3 mth	YTD
Crude (US\$/bbl)	78.1	1.8	17.8	76.2
Gold (US\$/oz)	1,105	1.6	11.1	25.1
Copper (US\$/mt)	7,035	1.0	17.3	131.3
Aluminium (US\$/mt)	2,218	(0.0)	23.3	47.1
Zinc (US\$/mt)	2,460	(1.7)	32.9	108.4

Advance/Decline stocks (Nos)	A	B	S	Total
Dec	70	832	211	1,253
Unch	2	50	12	77
A/D ratio (x)*	1.8	1.3	1.1	1.3

*A/D excluding Unch

Trade value (Rs cr)	% chg	
Cash NSE	13,555	(6.2)
Cash BSE	4,715	(0.4)
Total Cash	18,269	(4.8)
Delivery (%)	36.1	-
Derivatives	84,665	(28.0)

Currency	Last close	1 day	% change	
			3 mth	YTD
Rs/US\$	46.65	0.0	2.9	4.6
Rs/EUR	66.91	(0.1)	4.9	1.7
US\$/GBP	1.60	(0.0)	0.2	9.6
US\$/EUR	1.44	(0.1)	(1.6)	2.8
Yen/US\$	91.73	0.1	(1.8)	(1.2)

Bond market	Last Close (%)	Bps chg	
10yr Gsec		7.56	0.01
Call rate		3.25	0.00

Corporate snippets

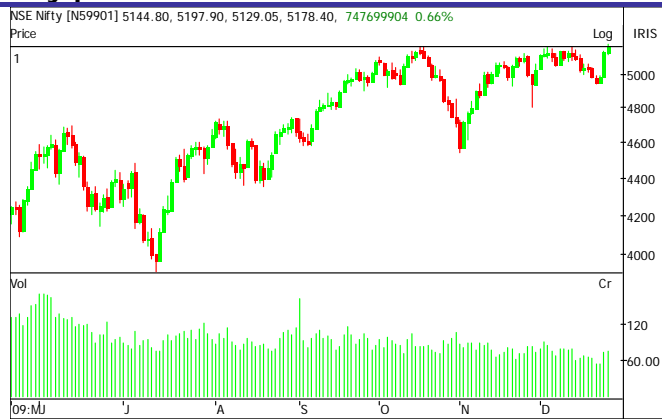
- ✦ **Reliance Industries** has updated its non-binding proposal to acquire LyondellBasell, as per media reports; **RIL's** new offer has a higher cash component of US\$5-6bn from the earlier offer of US\$2bn. (FE)
- ✦ **SAIL** and **Tata Steel** have hiked steel prices by up to Rs 2,000/ton with immediate effect on the back of rising demand. (ET)
- ✦ **Reliance Power** has started power generation at its 1,200MW Rosa Power Project in Shahjahanpur district of Uttar Pradesh. (BS)
- ✦ **SBI** to set up wind power projects in three states with a combined capacity of 15.5 Mw for captive consumption at various offices and branches. (BS)
- ✦ **Bajaj Auto** has phased out two more models thereby phasing out four bike models in four months. (BS)
- ✦ Reliance Power Transmission Ltd, a subsidiary of **Reliance Infrastructure**, is believed to have bagged two transmission projects worth Rs 41bn connecting six states. (BS)
- ✦ **Idea** secures Rs95bn credit line for 3G push. (ET)
- ✦ **Dr Reddy's Labs** plans to launch new generic drugs in various therapeutic segments to push domestic operations. (BS)
- ✦ US FDA has issued a warning letter to **Ranbaxy's** American subsidiary, OHM Laboratories, for violating current good manufacturing practice. (ET)
- ✦ **Dabur India's** shareholders to meet in the first week of February to discuss merger proposal of Fern Care Pharma with the company. (ET)
- ✦ **OBC** plans to expand its footprint in South India by acquiring a bank. (BS)
- ✦ **Glenmark** Generics receives tentative approval from US FDA for generic pramipexole dihydrochloride tablets used in the treatment of parkinson disease. (ET)
- ✦ **ICICI Bank** plans to raise Rs40bn of capital through Upper Tier-II and Tier-I perpetual bonds to support business growth. (BS)
- ✦ **ONGC** has awarded US\$162mn engineering and construction contract for an oil well platform project at the Mumbai High Field to Abu Dhabi-based National Petroleum Construction Company. (BS)
- ✦ Goldman Sachs is poised to invest US\$115mn in **Max India** which will be used by the company to fund its insurance, healthcare and specialty plastics businesses. (BS)
- ✦ **Jet Airways** has received the Cabinet Committee on Economic Affairs approval to raise up to US\$400mn. (FE)
- ✦ **PowerGrid** plans 7 transmission corridors at an investment of Rs500bn to wheel power from new projects to North, West regions. (BL)
- ✦ **Thermax** is designing and building a 250KW solar power plant at Shive village, near Pune. (BL)
- ✦ **Infosys Technologies** has been selected to implement a Rs3.9bn IT project for Karnataka's power distribution utilities. (FE)
- ✦ **Fortis Hospitals** plans to invest Rs2.5bn to expand its facilities pan-India. (FE)
- ✦ Promoters of **GMR Group** are looking to exit their sugar business. (TOI)
- ✦ **Tata Motors** says all existing bookings of the Nano will be delivered at current prices, notwithstanding the rising input costs. (TOI)
- ✦ Government hopes to raise over Rs230bn from the disinvestment of **NMDC**; the follow-on offering for the PSU is likely to take place in Mar' 10. (TOI)
- ✦ **Generation Corp. of AP** has secured the State Government nod to go ahead with the first phase of 2,100MW gas-based power project planned at Karimnagar district of the State. (BL)
- ✦ Hansen Transmissions sees opportunities in the Chinese market after **Suzlon Energy** sold its controlling stake. (DNA)
- ✦ Domestic airlines such as **Jet Airways**, Air India, **Kingfisher Airlines** and low cost carriers are considering raising air fares by up to 25% in January. (ET)
- ✦ The government to appoint a global consultant to evolve a pricing formula for crude produced at **RIL's** Krishna-Godavari basin fields and **Cairn India's** barmer oil fields. (ET)
- ✦ **Unitech** plans to raise US\$700mn through FCCBs has run into trouble with the finance ministry and the RBI objecting to exempt it from a three-year lock-in clause applicable to such investments in construction. (ET)
- ✦ **Ansal API** will raise around Rs6.5bn through QIP. (FE)

- ✦ **Infosys** and **Patni Computers** amongst 14 firms eligible to bid for India's almost US\$10bn technology-led power sector modernisation programme. (ET)
- ✦ **L&T** and **Lanco Infratech** are developing two key hydropower projects in the hilly Rudraprayag district of Uttarakhand to face the heat of the 'save river campaign'. (BS)
- ✦ **BoI** to offer home loans at 8%. (ET)
- ✦ **Andhra Bank** has raised funds to the tune of Rs6bn by issuing bonds. (ET)
- ✦ **Rolta India** has bought back FCCBs worth US\$15mn from the international market at a discount rate. (ET)
- ✦ **Binani Cement** has signed long-term supply agreements with shipping companies to save on logistical costs. (ET)
- ✦ Lingaraj open cast coal mines under the command area of Mahanadi Coalfields Limited (MCL), linked to the 3,000MW **NTPC** Kaniha plant, the second largest power plant in the country, is facing closure due to problems in land availability. (BS)
- ✦ **UTV** and **Sun** are in talks for Tamil movie channel under which UTV will dub movies from Hindi, English and other languages. (BS)
- ✦ **Ennore Coke** plans to raise Rs1.3bn through PE. (BS)
- ✦ Six core industries grew at a three-month high annual rate of 5.3% in November 2009. (ET)
- ✦ SEBI may hike open offer size to 100% from 20%. (TOI)
- ✦ India to grow at 7% this fiscal, says PM. (TOI)
- ✦ GST introduction may be delayed by a year. (TOI)
- ✦ Petroleum ministry plans to build in-competition principles in the functioning of the proposed regulator for long-distance gas pipeline networks so as to reduce natural monopolies in the gas distribution sector. (FE)
- ✦ Foreign direct investment for the month of November surged by 60% to US\$1.7bn. (FE)
- ✦ The Railways has decided to link freight rates for different commodities to their respective price index or other benchmarks including prices on the derivatives exchanges. (ET)
- ✦ The date for rolling out the Goods and Services Tax could be announced on January 8, 2010. (ET)
- ✦ The government may modify the draft direct tax code to retain tax shelters on interest and principal repayments for home loans to make the proposed new code more attractive. (ET)
- ✦ RBI has hiked the daily ceiling for mobile banking to Rs50,000 from Rs15,000. (ET)
- ✦ Private fuel retailers may also get subsidies. (ET)
- ✦ Government clarified that manufacturers that carry out production as well as repackaging activity in the tax-free zone of Himachal Pradesh and Uttarakhand will be able to enjoy tax exemption. (ET)
- ✦ Government approves a plan to develop 352km of highways with an investment of Rs297mn. (ET)
- ✦ Government extended for the third time the ban on import of dairy products, including chocolates, from China for another six months. (ET)
- ✦ FDI policy to be updated every six months. (ET)
- ✦ Peak customs duty unlikely to be lashed this year. (ET)

Economy snippets

- ✦ The auction of spectrum for third generation (3G) mobile services would be delayed by over a month and is likely to start by the end of February. (BS)
- ✦ Mobile operators winning the auction for third generation (3G) mobile spectrum may be asked to pay the entire bid amount upfront within 20 days after the bidding process is completed. (BL)
- ✦ Foreign exchange reserves fall by US\$2.1bn to US\$284bn, for the week ended December 18. (BL)
- ✦ RBI's recent diktat to augment their loan loss coverage ratio to 70% by Sep' 10 has prompted some banks to put a part of their bad loans portfolio on the block. (BL)
- ✦ Finance Ministry to raise the export duty on iron lumps from the current 5% to 10%; government also imposes a 5% export duty on iron ore fines. (BL)
- ✦ Food Inflation eases to 18.65% for the week ended December 12, from 19.95% in the previous week. (ET)

Nifty price/volume



The Nifty gave a break out past the critical resistance level of 5,182. Although on closing basis, it could not be sustained, breadth and volume expansion suggest that the trend is likely to remain positive. On higher side it will face resistance around 5,300 levels.

Support/Resistance levels

	Close	Support	Resistance
Nifty	5,178	5,140	5,230
Sensex	17,361	17,190	17,570

Abnormal change in delivery

Stock	NSEdely (%)	Prev NSEdely (%)	Price % chg
Renuka	44.3	17.7	(1.1)
Jagran	85.6	37.3	1.8
Htmedia	76.8	38.2	1.5
Gmdcltd	36.2	18.3	1.1
Mahseamles	40.1	20.8	1.4

Positive breakout

Company name	CMP	10 Days MVG avg	Price % chg	20 Days MVG avg
Aia Engineering	354.5	337.1	5.2	344.5
Godfrey Phillips	1,899.8	1,810.5	4.9	1,796.4
Sundram Fasten	56.4	53.9	4.6	53.7
Tamilnadu Newspr	83.5	80.0	4.4	80.3
Sobha Developers	241.2	231.7	4.1	232.7

Stocks in uptrend

Company	Vol % chg	Delivery %	Price % chg
Htmedia	151.3	76.8	1.5
Clinindia	143.7	78.8	1.4
Jagran	475.7	85.6	1.8
Bajajfinsv	163.0	88.2	1.1
Rallis	1,259.9	94.0	0.4

HCC (BUY, CMP Rs151, Target Rs160): On the daily chart, the stock has given a bullish breakout. A detailed analysis of the volumes of HCC reveals that maximum interest has been displayed by the traders in this stock since last week of October 2009. On Thursday, it made a convincing move above the top of the trading range. The daily momentum oscillators i.e. RSI and MACD are suggesting strength in the upmove. Keeping in mind the above-mentioned evidences, **we suggest high risk traders to buy the stock between the levels of Rs149-152 with a strict stop loss of Rs146 for a short-term target of Rs160.**

Reliance Infra (BUY, CMP Rs1,103, Target Rs1,160): The stock is trading 28% lower than its 52-week high of Rs1,404 in October 2009, but higher than its low of Rs45 in March 2009. A detailed study of Reliance Infra shows a distinctive pattern emerging which signals a temporary bottom. The stock has broken out (as seen in the daily chart) from the overall base-like pattern carved during the past five-weeks. In fact, the last couple of trading weeks represents a high level bullish congestion area between Rs1,092-1,056. We believe that the current bullish consolidation is likely to lead to a potential upside, once the 50-DMA is broken. **We recommend traders to buy the stock in the range of Rs1,095-1,110 for a target of Rs1,160. We advise traders to maintain a stop loss of Rs1,080.**

Negative breakout

Company name	CMP	10 Days MVG avg	Price % chg	20 Days MVG avg
Tech Mahindra Lt	1,002.9	998.6	0.4	980.3
Gitanjali Gems L	121.0	120.5	0.5	119.5
Reliance Ind Inf	912.5	908.2	0.5	923.8
United Phosphoru	165.6	164.7	0.6	162.2
Indusind Bank	139.5	138.6	0.6	136.2

Stocks in downtrend

Company	Vo % chg	Delivery %	Price % chg
Monnetispa	167.545873	73.43	(2.1)
Gskcons	3930.84337	97.99	(0.7)
Mahlife	1394.69192	98.62	(0.3)
Federalbnk	43.2673757	82.08	(0.3)
Marico	11.3064932	74.07	(0.1)

Pivot table

Company	CMP (Rs)	Supp 1	Supp 2	Pivot	Res 1	Res 2
ABB	770	764	757	771	777	782
ACC	861	855	848	861	868	874
Ambuja Cem	100	98	97	99	101	102
BHEL	2,369	2,350	2,330	2,371	2,390	2,409
BPCL	614	609	605	613	617	622
Bharti	321	316	309	324	329	333
Cairn	281	278	273	282	285	289
Cipla	346	343	338	347	350	353
DLF	371	366	361	371	376	381
Gail	420	415	411	419	423	428
Grasim	2,418	2,403	2,385	2,421	2,436	2,451
HCL Tech	375	370	367	374	378	383
HDFC Bank	1,711	1,689	1,671	1,706	1,728	1,750
Hero Honda	1,735	1,713	1,699	1,726	1,749	1,772
Hindalco	158	154	150	157	161	166
HUL	266	263	259	266	269	272
HDFC	2,659	2,633	2,611	2,656	2,682	2,708
ICICI Bank	865	856	848	864	873	882
Idea	58	57	55	59	60	61
Infosys	2,592	2,568	2,552	2,584	2,608	2,632
ITC	256	252	250	255	259	262
L&T	1,682	1,661	1,645	1,676	1,697	1,719
M&M	1,065	1,048	1,038	1,058	1,075	1,092
Maruti	1,566	1,553	1,543	1,564	1,576	1,589
Nalco	392	387	380	394	399	404
NTPC	230	226	223	229	233	237
ONGC	1,197	1,184	1,175	1,193	1,206	1,220
Powergrid	109	107	106	109	111	112
PNB	909	901	894	908	916	924
Ranbaxy	520	513	503	523	530	537
Rcom	175	173	171	175	177	179
Reliance	1,076	1,062	1,051	1,073	1,087	1,102
Reliance Infra	1,103	1,079	1,063	1,094	1,118	1,142
Reiance Power	147	146	144	147	148	150
Satyam	99	98	97	99	100	101
Siemens	579	570	564	576	586	595
SBI	2,219	2,202	2,185	2,218	2,236	2,253
SAIL	237	232	228	236	241	246
Sterlite	860	853	847	858	866	874
Sunpharma	1,567	1,537	1,517	1,557	1,587	1,617
Suzlon	88	87	86	88	90	91
Tata Com.	346	343	340	346	349	351
TCS	749	741	733	749	757	765
Tata Motors	780	755	739	772	796	821
Tata Power	1,354	1,342	1,334	1,351	1,362	1,374
Tata Steel	616	603	595	611	623	636
Unitech	82	81	80	82	83	84
Wipro	694	690	685	695	700	704
Zee	265	263	261	266	267	269

A pivot is a level at which the market direction changes for the day. These points can be critical support and resistance levels for that day. Pivot levels are only broad indicators and not necessarily our view on the stock or index.

Top movers

Company	Price (Rs)	Price % chg	% YTD chg
Great Offshore L	576.3	15.3	161.8
BI Kashyap&Sons	447.1	9.1	79.9
Hinduja Global	496.8	7.7	230.5
Hindustan Const	151.1	7.5	197.3
Shriram Transprt	468.1	6.9	140.1

Top losers

Company	Price (Rs)	Price % chg	% YTD chg
Usha Martin Ltd	77.1	(3.3)	177.2
Idea Cellular	58.3	(2.8)	10.7
Fag Bearings	588.5	(2.7)	143.7
Nava Bharat Vent	405.8	(2.6)	225.3
Bajaj Auto Ltd	610.0	(2.5)	151.6

Volume Toppers

Company	Price (Rs)	Price % chg	Vol % chg
Tube Inv India	66.8	5.4	3,230.7
Glaxosmithkline	1,312.1	(0.7)	2,346.1
Ksb Pumps Ltd	428.6	4.3	2,187.0
Greaves Cotton	280.4	5.0	1,260.3
Mahindra Lifespa	341.0	(0.3)	934.4

Sector watch

BSE Indices	Last close	Price % chg				50 DMA
		1 day	1 week	1 mth		
BSE Bankex	9,968	0.5	(3.5)	5.7	9,429	
BSE Realty	3,854	0.8	3.8	(13.9)	4,086	
BSE HC	5,110	0.0	7.8	18.6	4,355	
BSE Metals	17,334	1.4	6.9	24.2	14,487	
BSE Oil & Gas	10,418	0.9	(0.5)	1.7	10,047	
BSE Auto	7,357	1.5	3.9	12.7	6,448	
BSE IT	5,175	0.3	6.5	17.3	4,478	
BSE Power	3,133	0.8	4.1	3.5	3,004	
BSE FMCG	2,824	0.7	(3.6)	9.5	2,707	
BSE PSU	9,459	0.4	2.4	7.6	8,791	
BSE Cap Goods	14,017	0.6	4.3	3.7	13,267	
BSE CD	3,655	1.1	3.8	5.4	3,415	
BSE 200	2,170	0.7	1.7	5.8	2,030	
BSE 500	6,798	0.6	1.9	5.9	6,347	
BSE Mid Cap	6,641	0.7	2.3	6.7	6,161	
BSE Small Cap	8,121	0.6	6.8	9.0	7,258	
CNX 500	4,300	0.0	2.8	6.4	4,002	

Note:

Ideas given under the 'Technicals' section are for intraday purpose or up to a period of three trading sessions. Stocks recommended under this heading are not necessarily part of our fundamental buy or sell list.

Bulk deals

Date	Scrip name	Client name	B/S	Qty ('000)	Avg price (Rs)	Deal size (Rs m)
24/12/2009	TATA MOTORS-DVR	ICICI Bank	B	398	490.3	195.0
24/12/2009	Gammon Infra	Emerging India	B	6,000	18.5	111.1
24/12/2009	ITI Ltd.	Cpr Capital	S	163	51.3	8.3
24/12/2009	Shriram EPC	New Vernon	S	500	226.0	113.0
24/12/2009	Tube Investments	Elara Capital	S	1,000	63.9	63.9

Insider trades

Company name	Acquirer	Transaction date	B/S	Qty ('000)	Avg price (Rs)	Deal size ('000)	Shares transactions (%)	Holding after transaction (%)
Bajaj Hindusthan	Bennett Coleman	16/12/2009	S	5,000.0	207	1,035.0	4.2	0.0
CCCL	S Sivaramakrishnan	18/12/2009	B	5.0	405	2.0	0.0	4.6
Divi'S Labs	Dr. P Gundu Rao	18/12/2009	S	9.0	665	6.0	0.0	0.0

*Closing price on the transaction day is assumed to be average price of the deal

Nifty Call open interest down by 5lacs shares.

- ✦ Put open interest up by 37lacs shares.
- ✦ Future open interest up by 10lacs shares.
- ✦ Nifty Put Call ratio of open interest now stands at 1.59 vs 1.18
- ✦ Nifty Put Call ratio of volume now stands at 1.06 vs 0.92.
- ✦ Nifty mid Future at a premium of Rs16.
- ✦ Major strikes in calls ranging from 5,300 to 5,400 have seen addition of open interest.
- ✦ Maximum open interest of Call is at 5,200 strike.
- ✦ Major strikes in puts ranging from 5,000 to 5,300 strike have seen addition of open interest.
- ✦ Maximum open interest of Put is at 5,000 strike.
- ✦ Nifty volatility index stands at 23.
- ✦ Nifty sees a rollover of 36%

Strategies

- ✦ **Long Noida Toll Bridge Company Jan Future @ Rs38.50** for the target price of Rs41 and stop loss placed at Rs37.
Lot size: 8,200
Remarks: Net maximum profit of Rs20,500 and net maximum loss Rs12,300.
- ✦ **Long Deccan Chronicle Holdings (DCHL) Jan Future @ Rs173** for the target price of Rs181 and stop loss placed at Rs170.
Lot size: 3,400.
Remarks: Net maximum profit of Rs27,200 and net maximum loss Rs10,200.

Nifty snapshot

	Current	Previous	% Chg
Near month price	5,185	5,157	0.6
Near month Pre/Disc	7.0	12.3	(42.9)
Mid month price	5,195	5,163	0.6
Mid month Pre/Disc	16.2	18.6	(12.9)
OI* ('000)	29,378	28,436	3.3
Volume ('000)	27,399	40,908	(33.0)
PCR (OI)	1.4	1.2	21.2
PCR (Vol)	1.1	0.9	15.5
Roll-over (%)	35.7	27.5	29.5

FII derivative data

(Rs cr)	Buy	Sell	Net	Contracts	OI % chg
Index Futures	2,253	2,525	(272)	18,264	3
Index Option	3,302	3,639	(337)	14,839	1
Stock Futures	2,982	3,272	(291)	369	0
Stock Options	9	9	(1)	201	1

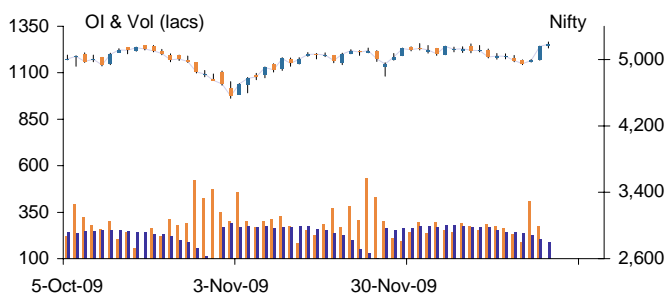
Institutional activity

(Rs cr)	Cash	F&O	MTD	YTD
FII's	1,353.5	(900)	8,676	82,875
MF's	101.0	-	(1,449)	(4,763)
FII's Prov.	706.0			
MFs Prov.	(111.0)			

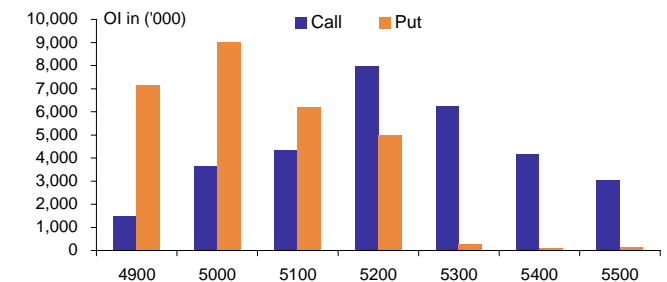
Overall market

	24-Dec-09	23-Dec-09	22-Dec-09	Value % chg
Index Future (Rs cr)	16,127	23,431	10,994	(31.2)
Stock Future (Rs cr)	23,105	25,122	17,031	(8.0)
Index Options (Rs cr)	42,907	65,824	18,132	(34.8)
Stock Options (Rs cr)	2,527	3,230	1,768	(21.8)
Index Future (Cont '000)	643	964	452	(33.3)
Stock Future (Cont '000)	645	722	505	(10.6)
Index Options (Cont '000)	1,669	2,581	1,212	(35.3)
Stock Options (Cont '000)	68	92	52	(25.8)
PCR (OI)	1.1	0.9	0.9	15.4
PCR (VOI)	0.3	0.3	0.4	(7.4)

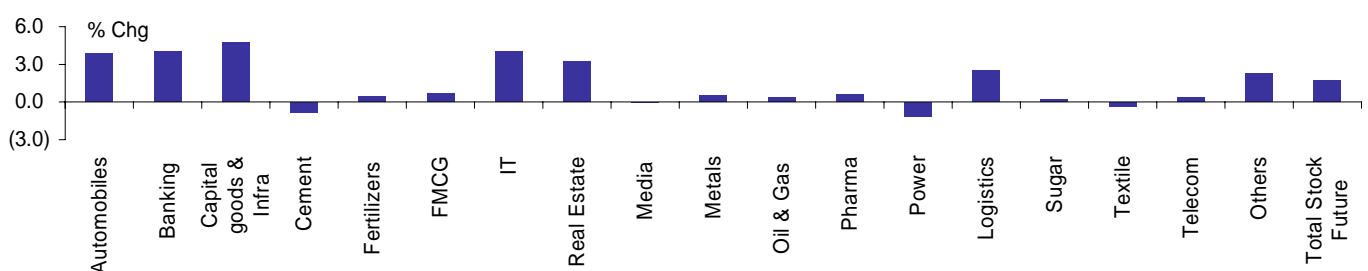
Nifty open interest chart



Nifty strikes open interest



Sector-wise OI



Futures open interest gainers

Scrip	OI ('000)	% change	CMP (Rs)	% change	Volume ('000)	% change	Prem/Disc (Rs)
Beml	239.3	32.6	1,099.5	5.7	411.0	285.9	(7.5)
Hcc	5,214.3	24.3	151.8	7.6	10,550.4	330.1	(0.7)
Glaxo	123.0	21.3	1,654.5	3.3	76.2	1,593.3	(8.6)
Gtoffshore	3,414.0	14.1	560.1	13.7	4,943.0	332.1	16.2
Dchl	4,845.0	13.6	172.2	2.3	4,858.6	(16.2)	(0.8)
Chennpetro	1,612.8	13.0	220.1	(0.4)	777.6	14.6	(0.4)
Titan	127.1	12.8	1,423.0	3.2	116.8	233.5	(3.4)
Ifci	89,753.2	12.4	55.1	5.2	77,641.6	322.3	(0.3)
Jpassociat	17,815.2	11.0	144.9	(1.8)	7,817.1	4.4	(0.6)
Bel	132.5	10.6	1,892.0	(0.6)	47.2	(21.2)	(4.2)
Hindzinc	639.0	10.5	1,215.1	3.9	899.5	248.0	(6.2)

Futures open interest losers

Scrip	OI ('000)	% change	CMP (Rs)	% change	Volume ('000)	% change	Prem/Disc (Rs)
Crompgreav	439.0	(18.7)	421.2	2.8	655.0	89.3	0.3
Geship	1,278.0	(11.9)	281.5	1.9	958.8	124.4	0.4
Tcs	4,020.0	(10.0)	749.1	0.1	3,457.0	0.7	0.3
M&M	2,961.5	(2.0)	1,067.1	2.1	934.4	7.5	(2.1)
Bhusanstl	444.5	(8.7)	1,429.5	3.8	1,612.5	66.9	0.6
Sintex	812.0	(8.5)	257.3	1.7	789.6	23.4	(0.7)
Powergrid	16,266.3	(7.4)	108.9	(1.0)	4,367.8	(58.8)	(0.1)
Abb	1,557.0	(7.2)	772.9	(0.2)	399.0	(40.7)	(3.2)
Aban	2,542.4	(7.1)	1,227.1	(0.3)	988.4	(28.5)	1.1
Denabank	11,628.8	(6.6)	84.3	(0.6)	8,788.5	(32.1)	(0.2)
Jswsteel	3,212.4	(6.5)	1,026.7	0.5	2,154.8	(41.1)	(1.8)

Most active stock calls

Scrip	Strike	OI ('000)	% change	CMP(Rs)	Volume ('000)
Tatasteel	620	411.8	35.8	7.5	1,825.0
Tatasteel	600	650.2	(18.7)	19.0	1,843.0
Reliance	1080	846.9	(0.6)	10.5	2,062.0
Ifci	55	6,674.4	(6.5)	1.0	1,437.0
Tatamotors	760	147.9	(22.3)	24.0	687.0
Hindalco	160	777.5	10.0	2.2	792.0
Unitech	85	4,419.0	18.6	0.8	1,147.0
Reliance	1110	1,166.1	(7.6)	3.5	1,090.0
Reliance	1065	175.8	(10.1)	17.2	1,113.0
Suzlon	90	4,425.0	(2.1)	1.3	1,310.0

Most active stock puts

Scrip	Strike	OI ('000)	% change	CMP(Rs)	Volume ('000)
Tatasteel	600	411.8	113.9	4.5	963.0
Tatasteel	580	1,007.7	9.2	1.5	814.0
Hindalco	150	1,051.9	67.0	0.7	429.0
Reliance	1050	263.7	17.5	4.1	634.0
Reliance	1065	171.6	43.4	8.0	568.0
Tatasteel	560	1,024.5	1.5	0.9	410.0
Tatamotors	740	130.1	155.0	3.4	232.0
Reliance	1080	184.8	18.0	14.5	440.0
Tatamotors	760	83.3	9,700.0	7.8	199.0
Unitech	80	2,227.5	(8.2)	0.8	336.0

Most active Nifty calls

Strike	OI ('000)	% change	CMP(Rs)	Volume('000)
5200	6,234.1	(2.3)	33.0	16,496.0
5100	3,413.8	(16.3)	92.0	10,084.6
5300	5,029.8	8.3	7.5	5,097.4
5000	2,467.7	(18.8)	178.0	1,581.3
5200	1,754.8	8.6	129.2	1,164.6
5300	1,196.7	25.2	79.0	1,077.7
5400	1,457.9	27.0	46.1	957.6
5400	2,704.7	(2.3)	2.0	957.8
5100	942.5	(1.7)	185.1	566.0
5500	995.4	5.4	26.3	501.8

Most active Nifty puts

Strike	OI ('000)	% change	CMP(Rs)	Volume('000)
5100	5080.6	6.0	18.0	11067.7
5200	4326.1	54.7	51.0	8186.6
5000	6350.9	16.3	6.7	7696.8
4900	5242.5	(2.1)	3.9	3585.7
4800	4810.6	(0.6)	2.5	2019.2
5100	1117.2	47.0	99.0	1429.8
5000	2655.6	17.9	70.5	1412.4
5200	654.3	89.6	139.7	796.6
4700	1544.8	(6.1)	23.0	882.0
4900	1928.0	2.7	48.9	828.0

Note:

Ideas given under the 'Derivatives' section are positional trades for the stated F&O expiry. Stocks recommended under this heading are not necessarily part of our fundamental buy or sell list.

Trade recommendation

Commodity	Strategy	Levels	Target	Stop-Loss
Gold - Feb	Buy	16750-16755	16790, 16840	16725
Silver - Mar	Buy	Around 27450	27570, 27700	27370
Copper - Feb	Buy	339-339.5	342, 345	337.8
Zinc - Dec	Buy	At 117	1118, 119	116.3
Lead - Dec	Sell	Below 108.1	107, 106	108.7
Aluminum - Dec	Sell	At 105	103.5	105.6
Nickel - Dec	Buy	890-893	905, 917.8	882.5
Crude Oil - Jan	Buy	At 3651	3680, 3710	3630
Natural Gas - Dec	Buy	Above 277	281, 284	274.7

Market commentary

- ✦ Gold futures closed above the \$1,100 mark for the second consecutive session on Monday.
- ✦ Gold futures started off from where it left off on Thursday. Prices continued to rise as the dollar slid against major currencies.
- ✦ However, in the late night electronic trading gold prices slid from its highs.
- ✦ In today's Asian market trading gold prices have been under pressure with spot gold prices trading near the \$1,100 mark.
- ✦ The Chicago Federal Reserve's regional index of manufacturing increased from 83.2 to 84.2 in November, the highest in eleven months.
- ✦ The Dallas Federal Reserve's index of regional activity increased from 0.3 to 3.8 in December.
- ✦ Copper futures finished at 16-month highs Monday, pushed up by lower inventories of the metal on the Shanghai futures exchange and a weaker US dollar amid light, holiday-crimped trading.
- ✦ Copper inventories in SHFE warehouses fell to 96,362 tons from 104,377 tons a week ago, while stocks on warrant declined 11,892 tons to 30,609 tons.
- ✦ Crude futures ended at a five-week high on Monday as separate situations involving Russia and Iran, both large oil producers, stoked otherwise light holiday trading.
- ✦ At least eight were dead after clashes between Iranian security forces and antigovernment protesters in the worst violence. Russia added to growing geopolitical fears on Monday when it warned that it is prepared to cut off oil supplies to Europe via the Druzhba pipeline over a dispute with Ukraine over transit fees.

Precious metals

	High	Low	Close	%Chg	OI
MCX					
Gold(Feb) (Rs/10 gm)	16,910	16,731	16,810	(0.1)	19,100
Silver(Mar) (Rs/kg)	27,682	27,392	27,526	0.0	12,260
NCDEX					
Gold (Rs/10 gm)	16,788	16,788	16,918	0.8	9
Silver (Rs/kg)	27,305	27,305	27,665	1.3	30
COMEX (US\$/oz)					
Gold(Feb)	1,115	1,102	1,108	0.3	322,941
Silver(Mar)	17.7	17.5	17.6	0.7	77,027

Base metals

	High	Low	Close	%Chg	OI
MCX (Rs/kg)					
Alum.(Dec)	105	104	105	0.1	1,193
Copper(Feb)	343	339	343	0.9	29,424
Lead(Dec)	110	108	109	0.0	3,648
Nickel(Dec)	908	888	899	1.3	8,577
Zinc(Dec)	118	117	117	0.3	5,668
LME(3mths) (US\$/ton)					
Aluminum	2,278	2,230	2,255	(0.0)	1,995
Copper	7,167	7,001	7,070	1.0	1,683
Lead	2,379	2,330	2,350	0.8	461
Nickel	18,966	18,201	18,650	1.2	700
Tin	16,250	15,905	16,200	1.1	123
Zinc	2,551	2,491	2,495	(1.8)	2,043

Energy

	High	Low	Close	%Chg	OI
MCX					
Cr. oil(Jan) (Rs/bbl)	3,690	3,641	3,681	1.3	13,390
Nat.gas(Jan) (Rs/mmBtu)	279	262	264	(2.9)	4,574
NCDEX (Rs/bbl)					
Brent Cr.oil	3,373	3,373	3,373	0.0	3
Sweet Cr.oil	3,689	3,642	3,663	0.9	252
NYMEX					
Cr. oil(Feb) (US\$/bbl)	79.1	77.8	78.8	0.9	279,539
Nat.gas(Feb) (US\$/mmBtu)	6.0	5.8	6.0	6.1	23,575

Currency

	Close	Prev close	%Chg
INR/US\$	46.66	46.65	0.0
US\$/EUR	1.44	1.44	(0.2)
US\$/GBP	1.60	1.60	0.2
JPY/US\$	91.63	91.30	0.4

LME Inventory levels

('000 tons)	Close	Prev close	Chg
Aluminum	4,634	4,634	1.7
Copper	485	485	2.0
Lead	144	144	0.1
Nickel	152	152	1.8
Tin	27	27	0.1
Zinc	467	467	1.7

Pivot table

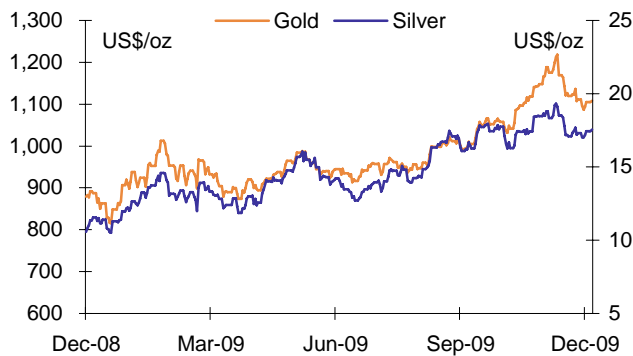
Commodity	MCX Levels					International Levels				
	R2	R1	Pivot	S1	S2	R2	R1	Pivot	S1	S2
Gold	16,989	16,889	16,810	16,710	16,631	1,120	1,114	1,108	1,101	1,096
Silver	27,816	27,660	27,526	27,370	27,236	17.8	17.7	17.6	17.4	17.3
Aluminum	105	105	105	104	104	2,303	2,280	2,255	2,232	2,207
Copper	346	346	343	342	339	7,236	7,139	7,070	6,973	6,904
Lead	111	110	109	108	108	2,398	2,369	2,350	2,320	2,301
Nickel	919	910	899	890	879	19,415	19,099	18,650	18,334	17,885
Zinc	119	118	117	117	116	2,555	2,499	2,495	2,439	2,435
Crude oil	3,730	3,721	3,681	3,672	3,632	80.1	79.8	78.8	78.4	77.4
Nat. Gas	281	266	264	249	247	6.2	6.2	6.0	6.0	5.7

A pivot is a level at which the market direction changes for the day. These points can be critical support and resistance levels for that day. Pivot levels are only broad indicators and not necessarily our view on the commodity.

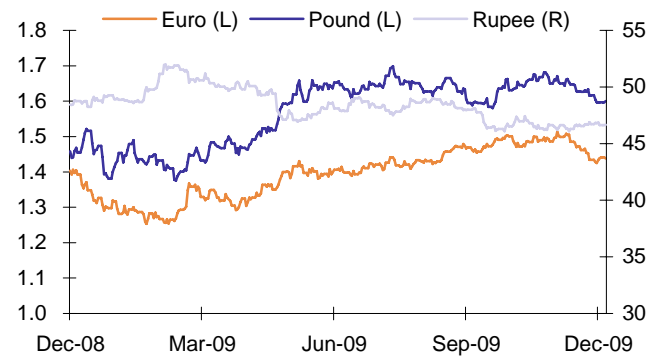
Important data to watch

Date	Country / Currency	Event	IST	Actual	Cons.	Previous
28-Dec	USD	Dallas Fed manufacturing activity (DEC)	21:00	3.8%	2.0%	0.3%
29-Dec	USD	Consumer confidence (DEC)	20:30		53.0	49.5
30-Dec	USD	Chicago purchasing manager (DEC)	20:15		55.1	55.1
31-Dec	USD	Initial jobless claims (DEC 26)	19:00		455K	452K
	USD	Continuing claims (DEC 19)	19:00			5,076K
	USD	NAPM-Milwaukee (DEC)	20:30			57

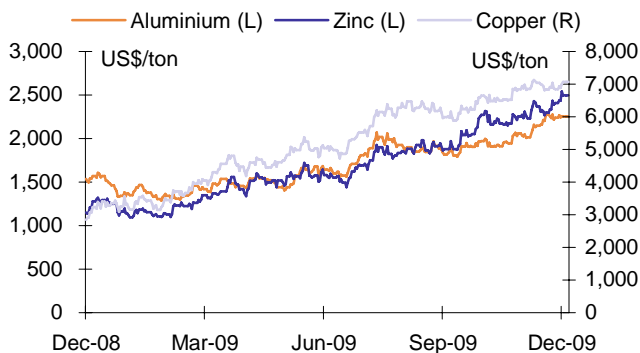
Precious metals



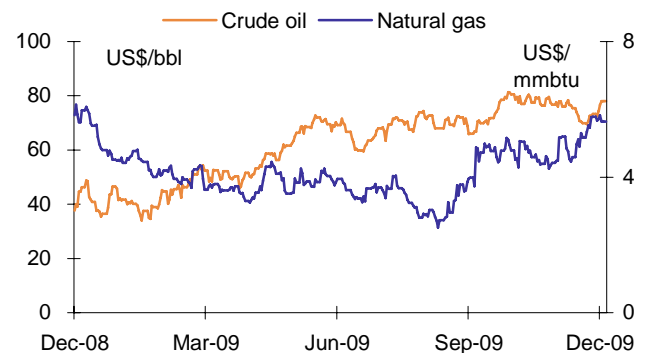
Currency



Base metals



Energy



Trade recommendation

Commodity	Strategy	Levels	Target	Stop-Loss
Pepper - Jan	Sell	14450-14500	14300, 14150	14580
Jeera - Jan	Sell	Below 14280	14150, 14030	14375
Turmeric - Apr	Buy	Above 7300	7340, 7380	7270
COCUDAKL - Jan	Sell	1225-1228	1205, 1190	1242
Chana - Jan	Sell	Below 2495	2465, 2430	2515
Guar seed - Jan	Buy	At 2751	2785, 2820	2730
Soya bean - Jan	Sell	Below 2390	2367, 2345	2410
Soya oil - Jan	Sell	Below 484	480, 477	486.8
Mustard seed - Jan	Sell	Below 599	595, 592	602
Mentha oil - Jan	Sell	597-598	593, 590	601.2

**Strict Stop-Loss *Book Partial Profits

Note: Calls given above are purely technical calls and not based on fundamentals.

Market commentary

- Jeera prices dipped on increased selling on rise, following cues from spot market where off-take had declined in expectation of further downside in prices before new crop arrivals.
- Pepper futures showed sharp recovery in expectation of good demand for new crop, which is expected to arrive by mid-Jan.
- India's MG I ASTA grade pepper was offered at \$3,100-3,200 per ton FOB Cochin, while Brazil was offering at 3,050-3,100 per ton in the international market.
- Turmeric futures climbed over 2% in a very thin volume session & on dwindling stockpiles and improvement in spot demand.
- Average price of small cardamom increased to Rs884.6 per kg & the arrivals stood at 13.6 tons at CPA auctions held at Santhanpara.
- Guar complex traded firmly, continuing its recovery for the 4th straight session on good domestic demand. Arrival at spot market stood at ~7,500-8,000 bags.
- Arrival of soya crop at Maharashtra stood at ~20-25 tons across some centers, however major trading mandis were closed on Monday and 0.5-0.6lakh bags were reported at MP market.
- Mustard seed arrivals declined to 0.3-0.32lakh bags across major trading centers, while spot rates were unchanged at Rs29-29.3 per kg.
- Mentha oil edged marginally up on short-covering; however, spot rates hardly changed at chandousi market as trading activities were too dull.

Spices

Commodity	High	Low	Close	%Chg	OI
Chilli (Rs/qntl)					
NCDEX Feb	5,622	5,584	5,610	0.1	2,505
NCDEX Mar	5,375	5,356	5,356	(0.1)	1,225
Jeera (Rs/qntl)					
NCDEX Jan	14,620	14,285	14,350	(1.3)	9,438
NCDEX Feb	14,880	14,535	14,625	(1.2)	8,823
Pepper (Rs/qntl)					
NCDEX Jan	14,410	13,957	14,372	3.1	8,069
NCDEX Feb	14,688	14,230	14,618	3.1	3,705
Turmeric (Rs/qntl)					
NCDEX Nov	7,380	7,080	7,285	2.1	14,390
NCDEX Apr	7,355	7,190	7,296	2.3	890
Cardamom (Rs/kg)					
MCX - Jan	1,104	1,081	1,104	4.0	687
MCX - Feb	1,125	1,095	1,125	4.0	462

Oil Seeds

Commodity	High	Low	Close	%Chg	OI
Soyabean (Rs/qntl)					
NCDEX Jan	2,416	2,394	2,400	0.3	135,910
NCDEX Feb	2,438	2,411	2,415	0.1	226,360
Soyaoil (Rs/10kg)					
NCDEX Jan	488	484	484	0.2	80,550
NCDEX Feb	490	486	487	0.3	83,200

Guar Complex

Commodity	High	Low	Close	%Chg	OI
Guar seed (Rs/qntl)					
NCDEX Jan	2,784	2,735	2,763	1.4	173,920
NCDEX Feb	2,824	2,775	2,801	1.4	135,950
Guar Gum (Rs/qntl)					
NCDEX Jan	5,899	5,793	5,820	1.0	19,615
NCDEX Feb	5,962	5,875	5,903	0.9	39,015

Others

Commodity	High	Low	Close	%Chg	OI
Mentha Oil (Rs/Kg)					
MCX - Dec	587	583	586	0.5	2,292
MCX - Jan	596	592	595	0.7	4,912

Spot prices

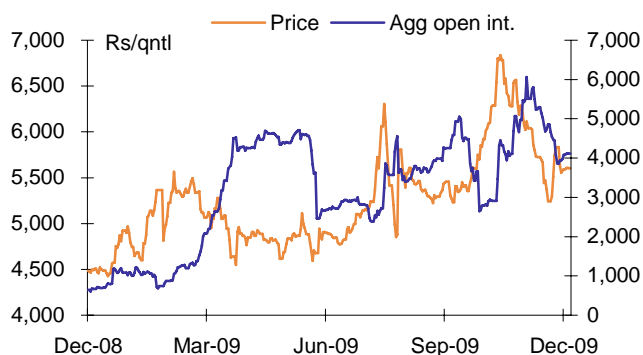
Commodity	Close	Pr. Close	% Chg
Chilli (Rs/qntl)	5,806	5,806	0.0
Jeera (Rs/qntl)	14,590	14,610	(0.1)
Pepper (Rs/qntl)	14,262	14,094	1.2
Turmeric (Rs/qntl)	10,207	10,207	0.0
Cardamom (Rs/kg)	958	913	4.9
Soyabean (Rs/qntl)	2,362	2,337	1.1
Soyaoil (Rs/kg)	483	480	0.5
CPO (Rs/kg)	355	353	0.6
Guar seed (Rs/qntl)	2,717	2,660	2.1
Guar gum (Rs/qntl)	5,850	5,711	2.4
Mentha oil (Rs/kg)	634	630	0.7

Pivot table

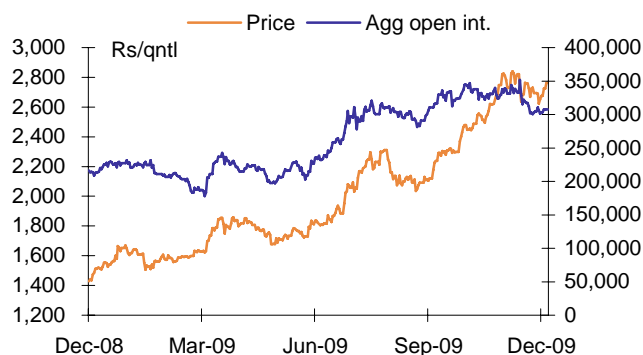
Commodity	R3	R2	R1	Pivot	S1	S2	S3
Chilli - Feb	5,640	5,629	5,619	5,610	5,601	5,591	5,580
Jeera - Jan	14,613	14,518	14,429	14,350	14,271	14,183	14,087
Pepper - Jan	14,728	14,599	14,478	14,372	14,266	14,146	14,016
Turmeric - Apr	7,521	7,435	7,356	7,285	7,215	7,135	7,050
Cardamom - Jan	1,122	1,116	1,110	1,104	1,099	1,093	1,086
Soya bean - Jan	2,417	2,411	2,405	2,400	2,394	2,389	2,382
Soya oil - Jan	487	486	485	484	483	482	481
CPO - Dec	358	356	355	354	353	352	351
Guar seed - Jan	2,801	2,788	2,775	2,763	2,751	2,739	2,725
Guar gum - Jan	5,903	5,873	5,845	5,820	5,795	5,767	5,737
Mentha Oil - Dec	588	587	586	586	585	584	583
Chana - Jan	2,528	2,520	2,512	2,505	2,498	2,491	2,482

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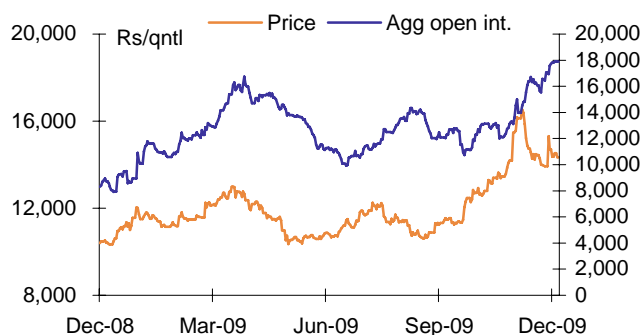
Chilli



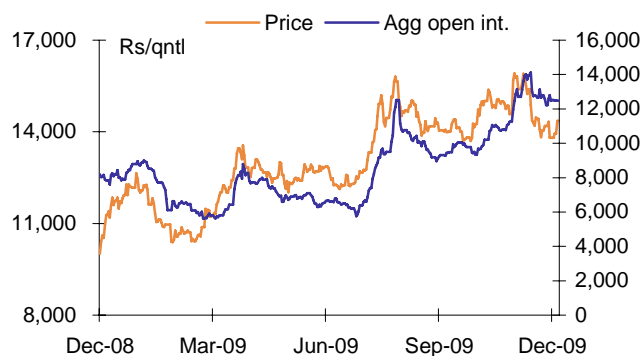
Guar seed



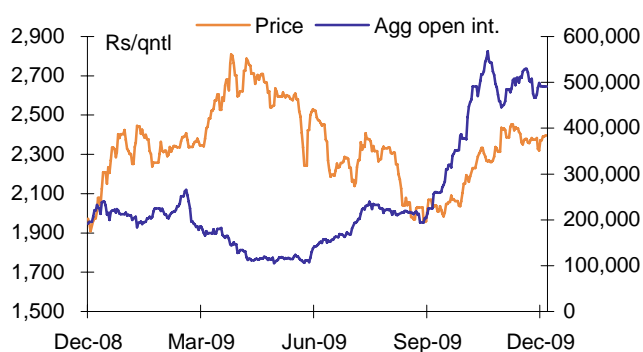
Jeera



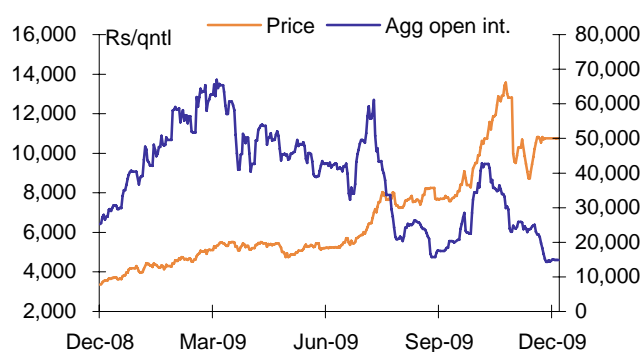
Pepper



Soyabean



Turmeric



Note:

Ideas given under the 'Commodities' section are for intraday purpose or up to a period of three trading sessions. Recommendations under this heading are not necessarily part of our fundamental buy or sell list.

Fund focus**ICICI Prudential Dynamic Plan****Invest**

Fund manager	Sankaran Naren	Min investment	Rs5,000
Latest NAV	Rs91.0	Entry load	Nil
NAV 52 high/low	Rs91/44	Exit load	1% <1 year
Latest AUM	Rs1,753cr	Latest dividend (under dividend option)	12% (21-Aug-09)
Type	Open-ended	Benchmark	S&P Nifty
Class	Equity-diversified	Asset allocation	Equity (84%), Debt (0%), Cash (16%)
Options	Growth & dividend	Expense ratio	1.9%

Top recommended funds*(Absolute returns (in %) are based on previous close)*

Equity – Diversified	Assets (Rs Cr)	NAV (Rs)	1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
Birla SL Frontline Equity Fund (G)	1,444	79.3	3.0	2.2	8.2	27.5	95.2	(0.7)	60.4	237.4
DSP-BR Equity Fund - RP (G)	1,552	14.5	3.1	2.9	9.0	32.6	93.4	(2.8)	--	--
ICICI Prudential Dynamic Plan (G)	1,753	91.0	3.0	3.8	10.8	32.5	84.6	0.2	41.0	258.5

Equity – Thematic

ICICI Pru FMCG Fund (G)	67	52.6	1.9	(1.3)	11.7	41.4	67.5	(6.2)	31.4	217.6
Reliance Diver. Power – RP (G)	5,991	77.6	3.0	1.4	5.8	23.8	97.3	(3.2)	116.9	530.8
Franklin Pharma Fund (G)	69	48.0	0.2	7.2	22.3	53.9	121.4	59.0	69.0	120.6

Equity – Tax saving

Birla SL Tax Relief (D)	1,096	87.2	2.9	2.4	8.3	32.0	111.6	(22.5)	33.9	158.3
ICICI Prudential Tax Plan (G)	972	119.9	2.3	4.8	12.7	41.1	117.9	(4.9)	32.6	180.6
IDFC Tax Saver Fund (G)	75	13.0	3.5	1.9	8.9	31.0	78.9	(23.0)	29.7	--

Balanced

DSPBR Balanced Fund (G)	624	59.0	2.4	2.2	7.1	24.5	66.7	3.4	55.1	169.9
HDFC Prudence Fund (G)	3,314	173.0	1.7	0.8	9.1	29.0	88.9	8.6	54.1	203.4
UTI Balanced Fund (G)	1,034	72.3	2.3	1.8	5.3	21.0	65.6	(3.2)	30.6	101.2

Debt – Money market

HDFC Cash Mgmt Fund – SP (G)	4,790	19.0	0.1	0.3	1.1	2.3	5.6	15.1	24.4	39.9
LIC MF Income Plus Fund (G)	10,000	12.2	0.1	0.4	1.2	2.6	6.0	16.5	--	--
Reliance Liquid Fund TP (G)	626	21.9	0.1	0.3	1.0	2.2	5.4	14.7	23.4	37.4

Debt – Floating rate

HDFC Float Rate Inc-LTP (G)	766	15.6	0.1	0.3	1.6	3.5	8.4	19.2	28.3	43.3
LIC MF Floating Rate (G)	3,102	14.9	0.1	0.4	1.3	2.7	6.5	17.3	27.3	44.4
UTI Floating Rate –STP-RP (G)	696	1,483.7	0.1	0.3	1.1	2.3	6.0	16.5	23.7	39.4

NFO Update

Fund name	Open date	Close date	Type [#]	Class
Sundaram BNP Paribas PSU Opportunities	25-Nov	23-Dec	OE	Equity – Div
FT FTF - Series XIII - 3Yrs - Plan A	07-Dec	20-Jan	CE	Debt – FMP

#OE: Open Ended, CE: Close Ended

Recent actions

- ✦ ICICI Pru Mutual Fund declares dividend under ICICI Pru FMP Series 48-3Y Plan A, ICICI Prud FMP Series 48-3Y Plan B and ICICI Prudential. Record date has been fixed as on December 31, 2009.
- ✦ TATA Fixed Income Portfolio Scheme B3 declares dividend. Record date has been fixed as December 30, 2009.
- ✦ IDFC Mutual Fund declares dividend under IDFC Money Manager Invest A – (Rs0.1063), IDFC SSI Inv Plan A – Reg (Rs0.0111), IDFC GSF PF Plan B - Inst (Rs0.0060), IDFC GSF Short-term Plan A – Reg (Rs0.0212), IDFC GSF Short-term Plan B – Reg (Rs0.0213), IDFC SSI Inv Plan B (Rs0.0363) and IDFC SSI Inv Plan C (Rs0.0278). Record date has been fixed as on December 1, 2009.
- ✦ UTI Mutual Fund declares 15% dividend in UTI Equity Tax Savings Plan and UTI Transportation & Logistics Fund. Record date has been fixed as on December 29, 2009.
- ✦ HDFC Gilt Fund declares 0.5% dividend in long term & short term plans. Record date has been fixed as December 28, 2009.

Disclaimer: Mutual Fund is subject to market risk, please read the offer document carefully before investing.

'Credit cards – High-risk high-returns'

Host of credit card issuing companies



Source: Media

Trend in system loan growth

Y-o-Y growth (%)	FY09	Aug-09
Non-food Credit	18.1	13.3
Agri.	23.0	25.6
Industry	21.6	17.9
Personal loans	10.8	2.3
of which,		
- Credit cards	6.1	(14.3)
Services	16.9	11.0

Source: RBI, India Infoline research

Credit card – The business

The advent of credit cards (*popularly known as plastic money*) has enabled access to easy money to the cardholder. The huge demand for this form of credit has resulted in sharp spike in number of credit cards in circulation. Financial institutions including banks have started increasing their exposure to this *high-risk high-return business* to tap the rising demand.

The credit card enables the holder to defer the payment, (for a particular purchase made) to the card issuing company over a certain period of time. The lending company earns service charges as a compensation for the credit utilized. In addition, the delayed payment towards the dues enables the lending company to charge interest which is typically higher than any other form of advance.

While the system credit card loan book has increased at a 44% CAGR over FY05-09, its percentage to total system loan book remains low at 1.08%. Despite the recent downturn where-in the financial institutions reduced their exposure; with revival in economic environment, these organizations are likely to tap the increasing demand.

Aggressive stance have resulted in rising NPLs

Large private sector banks (especially ICICI Bank, HDFC Bank and Axis Bank) were among the first few players who entered this niche business segment. The high-yield earning business and limited intervention from the central bank prompted these banks to rapidly increase their exposure to the segment. They made plastic money easily available to people even without assuring their credibility and gradually increased their market share in total credit card business to near 50% by FY08. However, following the global financial crisis, these banks have been constantly reducing their credit card exposure. For instance Axis Bank credit card book is down 36% yoy (16% YTD) as at H1 FY10, ICICI Bank has trimmed down its book by 32% yoy (22% YTD) while the system credit card book is down 14% yoy (11% YTD) for the similar period. The aggressive lending stance adopted during the previous years has resulted in rising NPL's which in turn called for higher provisioning. The recent government release states that the bad debts in credit cards have increased to Rs51bn.

Changing environment signals towards policy changes

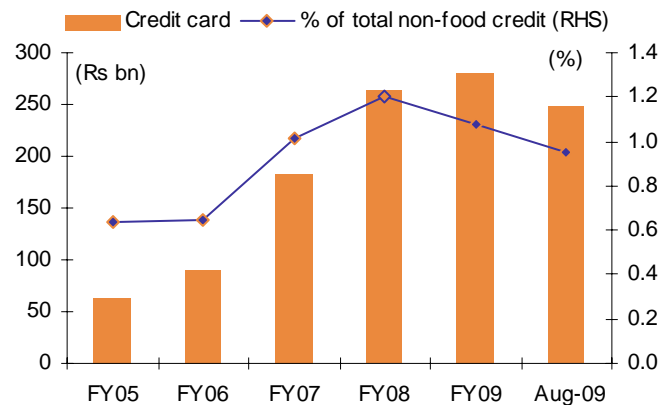
The credit card business is an unsecured loan with no collateral and the global downturn during the last fiscal year had compelled card issuing companies to reduce their exposure to this risky segment. The card issuing companies had either resorted to reducing their customer base by de-activating non-used cards, or delayed new issuances. In addition, they also resorted to reducing the credit limits for its existing customers. All this steps resulted in significant decline in the number of credit outstanding. According to the data revealed by RBI, the number of total credit card outstanding as at August, 2009 declined by 14.5% to 21.1m. Further, the total credit spending also declined by sharp 47% yoy, implying reduced use of plastic money. However, with improving economic conditions, we expect the card issuing companies to re-visit their strategy towards this business which is categorized as a high yield earning asset and high risk of rising delinquencies.

Trend in credit card numbers and amount spent

	No of cards O/s. (in mn)	YoY growth (%)	Amount spent (Rs bn)	YoY growth (%)
FY06	17.3		339	
FY07	23.1	33.5	414	22.1
FY08	27.5	19.1	580	40.2
FY09	24.7	(10.3)	654	12.7
FY09-till date*	21.1	(14.5)	350	(46.5)

Source: RBI bulletin, India Infoline Research * data till October, 2009

Credit card penetration remains low

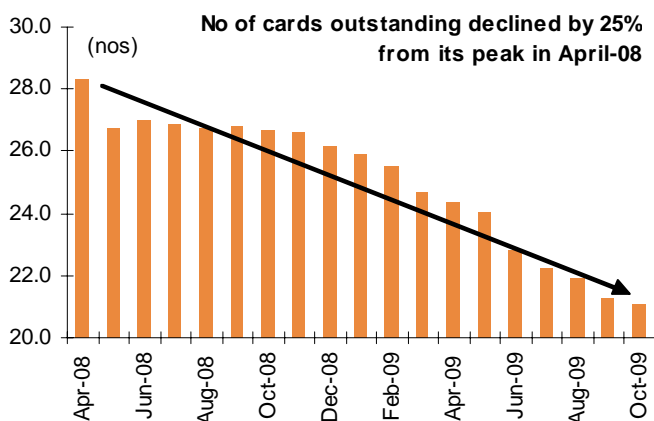


Source: RBI, India Infoline Research

Economic downturn; decreasing volumes

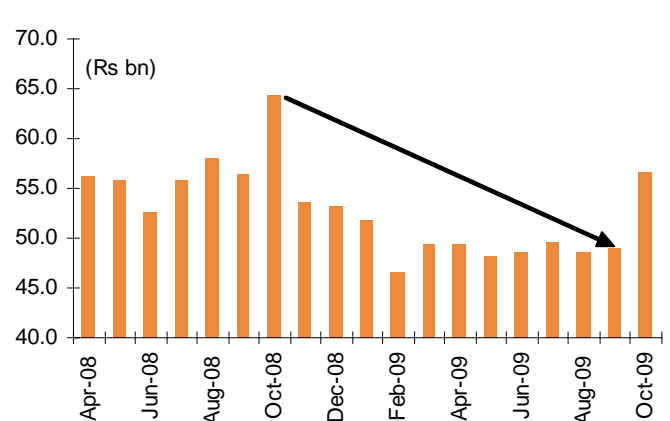
The economic downturn has resulted in significant decline in credit card volumes. From a peak of 23.8m cards outstanding as at April-08, the number of cards outstanding has declined to 21.1m as at October, 2009. The credit card spending too has declined by 23% from its peak in October-08.

Substantial decline in credit card issuance



Source: RBI, India Infoline Research

... and in respect to amount spent



Source: RBI bulletin, India Infoline Research

While the system non-food credit grew 13.3% yoy as at August, 2009, the credit card business declined by 14.3% yoy, the sharpest fall in past several years.

Trend in system loan growth

Y-o-Y growth (%)	FY06	FY07	FY08	FY09	Aug-09
Non-food Bank Credit	39.8	28.2	22.3	18.1	13.3
Agriculture and Allied Activities	40.0	32.4	19.5	23.0	25.6
Industry (Small, Medium & Large)	30.1	26.7	24.3	21.6	17.9
Personal loans	40.5	25.7	12.1	10.8	2.3
of which,					
Credit cards	41.3	101.4	44.2	6.1	(14.3)
Services	59.2	30.2	31.5	16.9	11.0

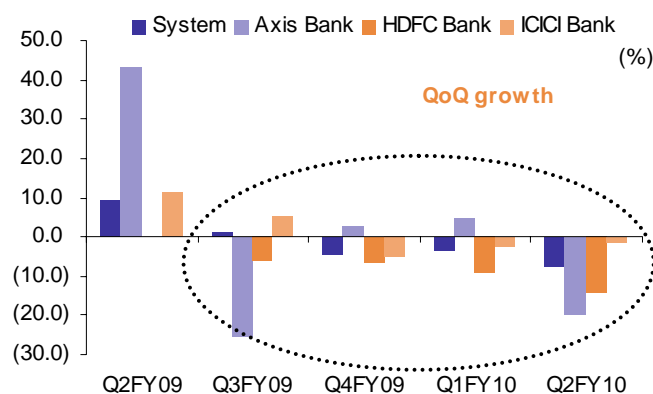
Source: RBI, India Infoline Research

Trend in credit card book for top 3 private banks

(Rs bn)	FY07	FY08	FY09	H1 FY10	YoY growth (%)	YTD (%)
Axis Bank	7	5	6	5	(35.8)	(16.1)
HDFC Bank	20	31	39	38	(3.8)	(3.8)
ICICI Bank	59	91	75	58	(31.7)	(22.0)
System loan book	183	264	280	249	(14.3)	(11.1)
% share of top 3 private players	46.9	48.2	43.0	40.7		

Source: Companies, RBI, India Infoline Research

Sequential decline in credit card book



Source: Companies, RBI, India Infoline Research

Low penetration acts as a stimulus for further penetration

While the segment continues to witness intense competition from large number of players including government (e.g. SBI, Bol, BOB)/Private (e.g. Axis, HDFC, ICICI, Kotak) / foreign banks (e.g. Citi, Standard chartered, Barclays, Deutshce bank) and NBFC's (HDFC), the low penetration acts as a incentive for companies who are waiting on side-lines to enter this *high-risk high-return business*.

RBI may intervene into the business more closely

While the delayed credit card payments resulted in high interest payment, a key Parliamentary Standing committee has recommended that all financial charges levied by credit cards companies should not be left open-ended and at the discretion of the banks. It has urged RBI to regulate the credit card market more closely. While the step is towards a right direction, in our view, the central banks intervention may discourage players who continue to bid for a higher market share.

The unprecedented run-up in base metals extended further in December, with most of the base metals ending at their respective year-highs. Most of the base metals have doubled from their 2008-09 lows and the rally shows no signs of exhaustion. Over the last one month, the performance of the base metals pack has surprised many as they managed to end on a strong note despite a stronger dollar and rising concerns over the state of a few European economies. Global inventory levels too have gradually inched up in the Q4 2009. Spot iron ore prices have rallied sharply over the last 45 days, rising towards its 2009 high. The rally in prices has been led by a surge in offtake by Chinese steel manufacturers and on expectations that contract prices for 2010 will be 20-30% higher than 2009. We believe that a strong demand recovery in the steel market in 2010 and a tight iron market will lead to iron ore contract price being settled at 30% higher than benchmark contracts in 2009.

Dollar index rebounds sharply in December

The US dollar managed to register a sharp rebound against major countries over the last one month on better than expected US economic data and rising concerns over some European economies. Economic data released in the first half of December showed some recovery in the US. On the other hand, Fitch downgraded credit ratings of few European nations, leading to a sell-off in the euro against the dollar. The bounce back witnessed in the dollar was also seen against major commodity producing nations like Australia and Chile. However, against the rupee, the dollar traded in narrow range of 46-47 over the last one month. On a mom basis, it ended with gains of 0.6%.

Base metals end at their year-highs

The unprecedented run-up in base metals extended further in December, with most of the base metals ending at their respective year-highs. On a yoy basis, copper registered the highest gain followed by lead and zinc. Aluminium remained the underperformer amongst the base metals pack, registering gains of 45.4% yoy. Over the last one month, the performance of the base metals pack has surprised many as they managed to end on a strong note despite a stronger dollar and rising concerns over the state of a few European economies. Inventory levels of copper and zinc have witnessed a gradual rise over the last two months as strong prices of both the metals led to a rise in production levels globally.

Iron ore prices end firmly above the US\$100/ton mark

Spot iron ore prices have rallied sharply over the last 45 days, rising towards its 2009 high. The rally in prices has been led by a surge in offtake by Chinese steel manufacturers and on expectations that contract prices for 2010 will be 20-30% higher than 2009. The rally in spot prices has also been due to the restricted supply in the domestic market. Chinese iron ore imports continued to surge, registering a growth of 57% on a yoy basis and 10.4% on a mom basis. We believe that contract prices for 2010 will be 30% higher on a yoy basis, which is lower than the current spot price. Meanwhile, steel prices remained subdued over the last one month and Chinese HRC export prices remained below the US\$500/ton mark. The jump in global production has capped the upside for steel prices in the near term. November global steel production was 24% higher on a yoy basis.

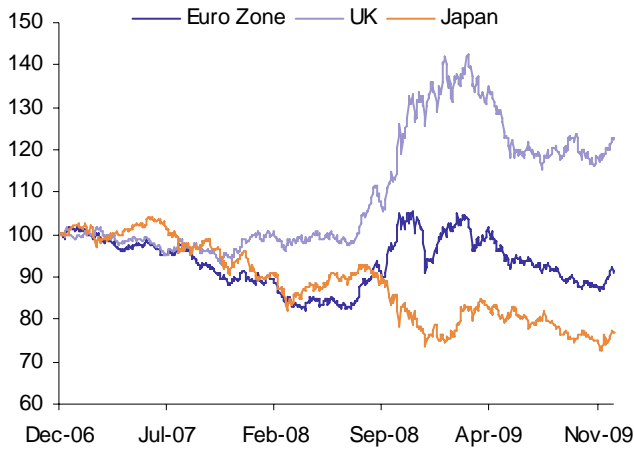
Key statistics

	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Global commodity indices*						
DJ-UBS commodity	414	309	34.0	411	0.8	31.3
DJ-UBS agriculture commodity	64	55	16.8	63	2.0	11.2
DJ-UBS energy commodity	129	126	2.3	126	3.0	(6.6)
DJ-UBS industrial metals cmdty	171	91	87.2	160	7.1	76.6
Price * (US\$/ton)						
Aluminium	2,219	1,527	45.4	2,003	10.8	47.2
Copper	6,965	2,810	147.9	6,825	2.1	129.0
Zinc	2,503	1,127	122.1	2,200	13.7	112.0
Steel China HRC export	485	530	(8.5)	485	-	(11.0)
Iron ore China (cfr)	110	81	36.3	105	5.0	38.9

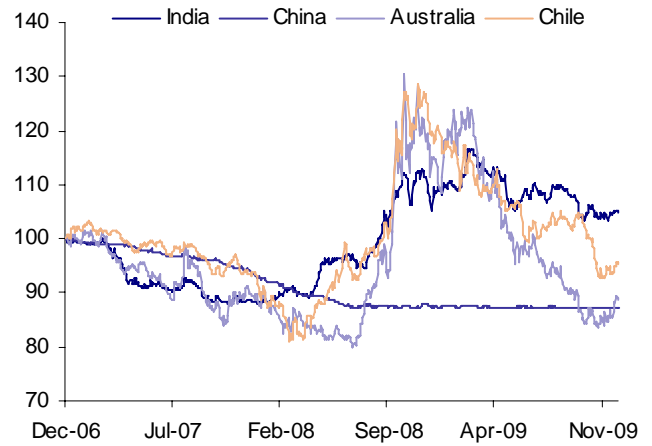
Source: Bloomberg, India Infoline Research * Prices as on 23rd December, 2009

Key indicators

US Dollar Vs developed nations' currency

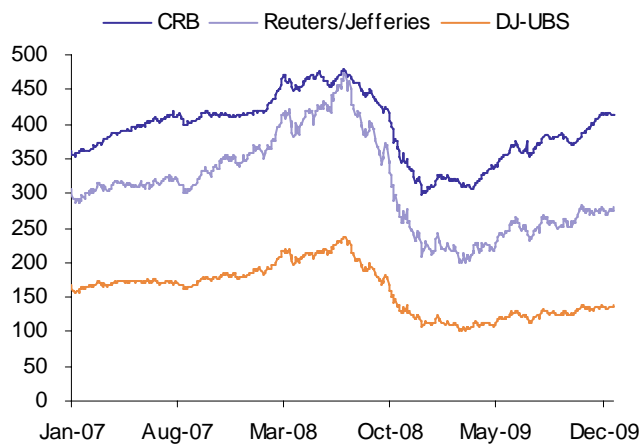


US Dollar Vs commodity producing nations' currency

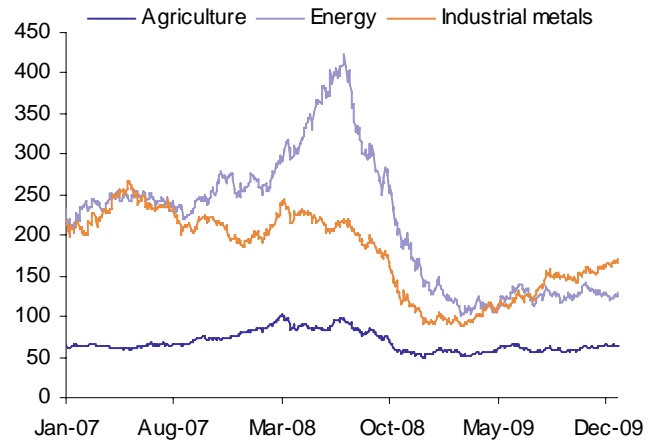


* Rebased to 1st January, 2007

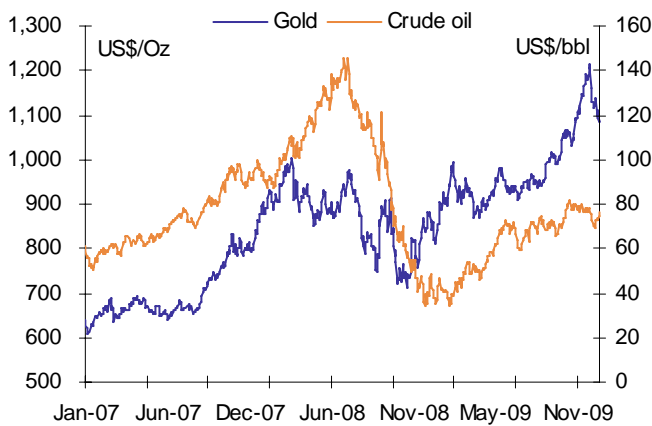
Global commodity indices



DJ-UBS commodity indices



Gold and crude oil price trend



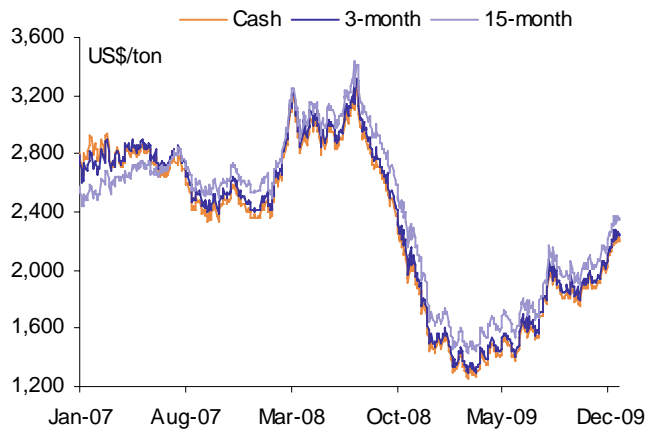
Baltic Dry Index (BDI) trend



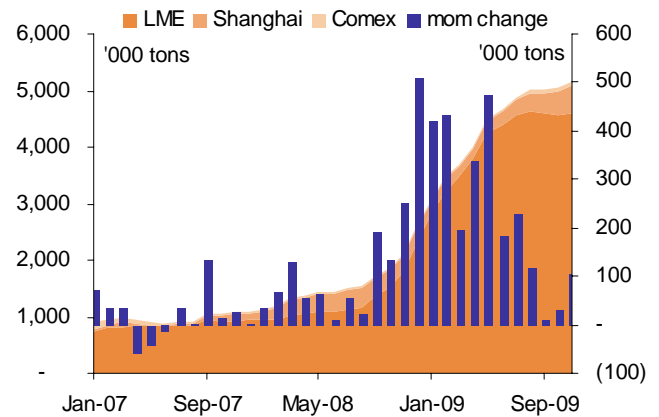
Source: Bloomberg

Aluminium

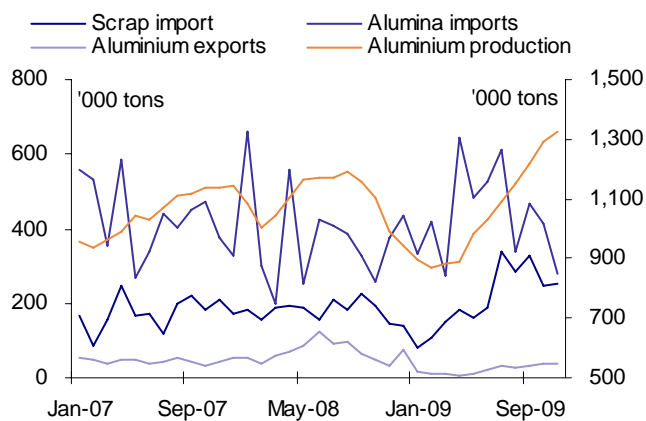
LME price trend



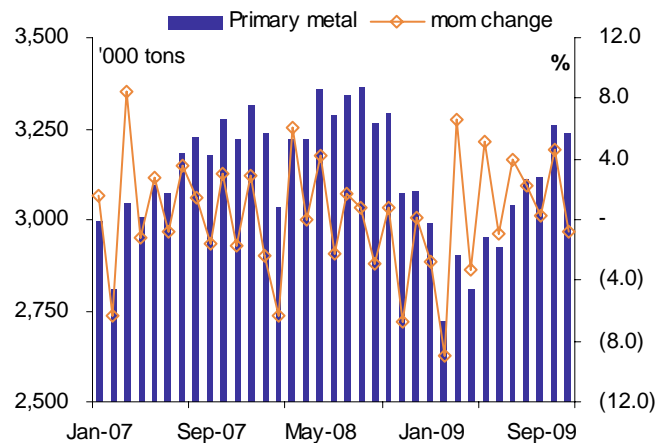
Global inventory trend



Chinese data



Global supply trend



Source: Bloomberg, International Aluminium Institute (IAI)

Key statistics

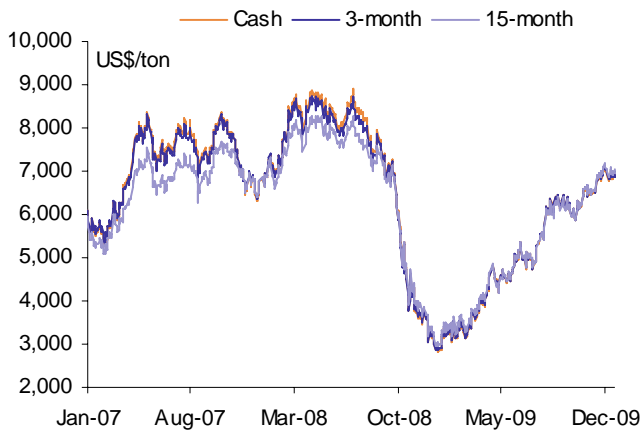
	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Price* (US\$/ton)						
LME cash	2,219	1,527	45.4	2,003	10.8	47.2
LME 3 month	2,256	1,560	44.6	2,037	10.8	46.5
LME 27 month	2,360	1,693	39.4	2,144	10.1	40.6
('000 tons)						
Inventory	5,151	2,109	144.3	5,045	2.1	96.5
Chinese data						
Scrap imports	250	143	74.8	245	2.0	82.6
Alumina imports	281	377	(25.6)	411	(31.7)	(35.6)
Aluminium exports	38	30	25.1	40	(3.9)	(50.9)
Aluminium production	1,327	991	33.8	1,294	2.5	40.3

Source: Bloomberg, International Aluminium Institute (IAI)

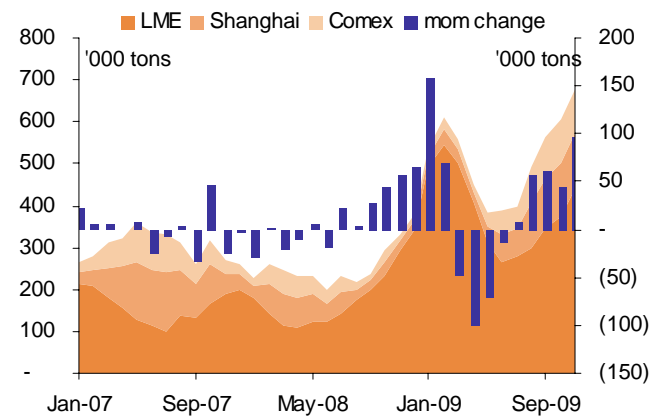
* Prices as on 23rd December, 2009

Copper

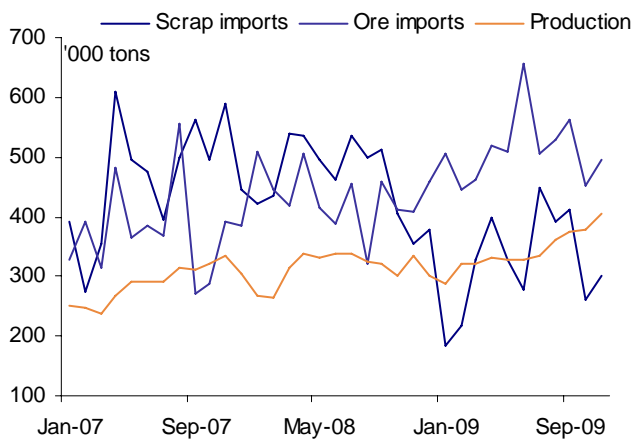
LME price trend



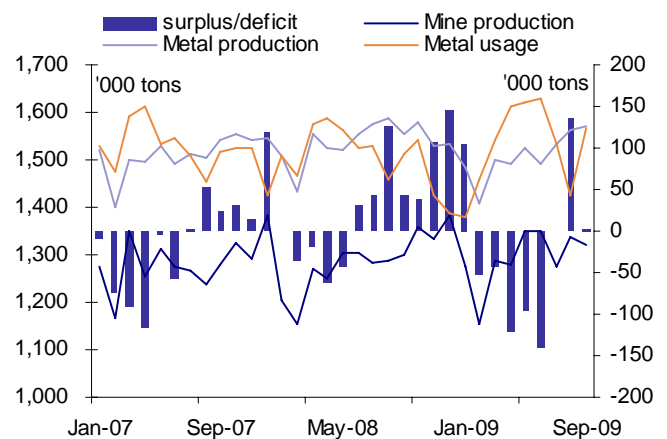
Global inventory trend



Chinese data



Global demand-supply trend



Source: Bloomberg, International Copper Study Group (ICSG)

Key statistics

	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Price* (US\$/ton)						
LME cash	6,965	2,810	147.9	6,825	2.1	129.0
LME 3 month	7,000	2,845	146.0	6,855	2.1	128.0
LME 27 month	7,050	2,935	140.2	6,894	2.3	123.9
('000 tons)						
Inventory	660	333	98.2	564	17.0	65.7
Chinese data						
Scrap imports	301	356	(15.4)	262	14.8	(20.6)
Ore imports	496	409	21.3	453	9.5	8.4
Production	405	335	21.0	378	7.3	34.2

Source: Bloomberg, International Copper Study Group (ICSG)

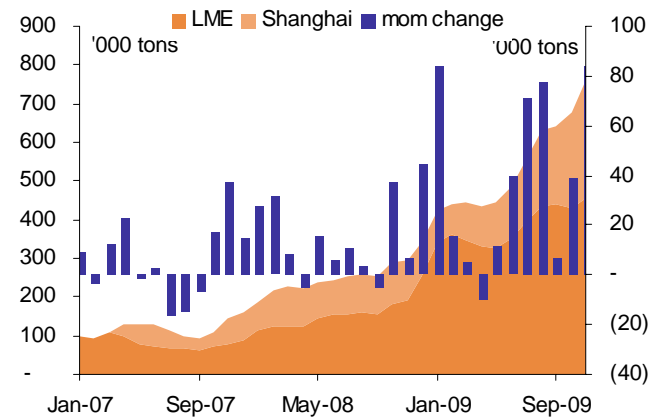
* Prices as on 23rd December, 2009

Zinc

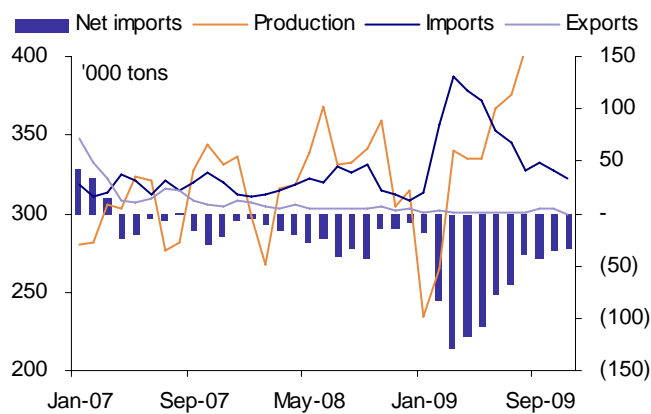
LME price trend



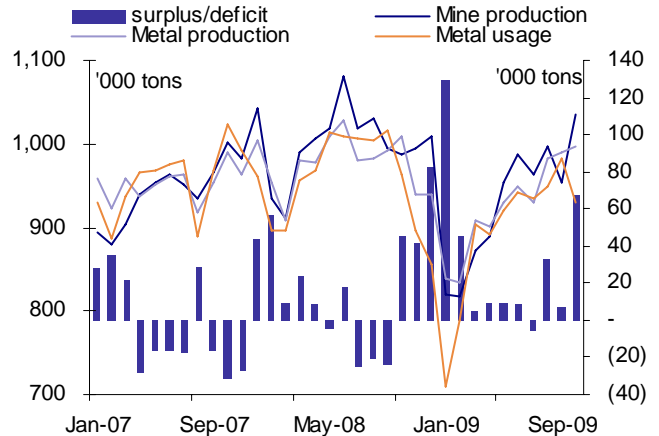
Global inventory trend



Chinese data



Global demand-supply trend



Source: Bloomberg, International Lead & Zinc Study Group (ILZSG)

Key statistics

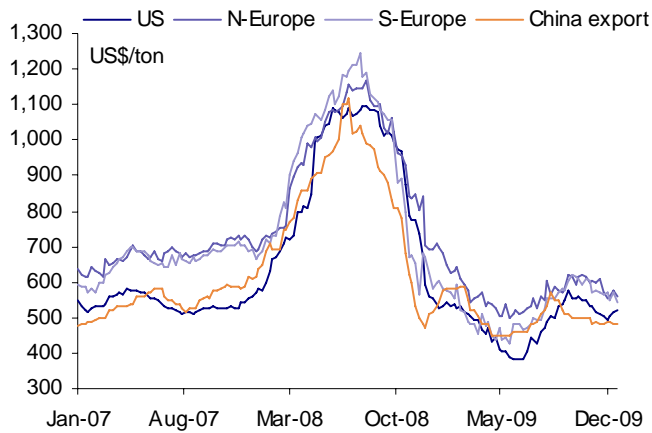
	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Price* (US\$/ton)						
LME cash	2,503	1,127	122.1	2,200	13.7	112.0
LME 3 month	2,539	1,150	120.8	2,230	13.9	110.2
LME 27 month	2,598	1,215	113.8	2,284	13.7	103.3
('000 tons)						
Inventory	762	296	157.6	678	12.4	124.0
Chinese data						
Imports	33	17	86.2	40	(19.2)	146.8
Exports	-	3	-	4	-	-
Production	445	304	46.1	405	9.7	3,268.0
Net imports	(33)	(14)	126.1	(36)	(9.9)	287.1

Source: Bloomberg, International Lead & Zinc Study Group (ILZSG)

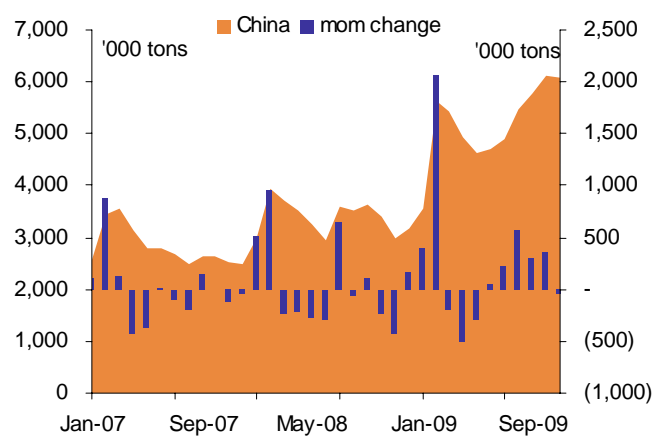
* Prices as on 23rd December, 2009

Steel

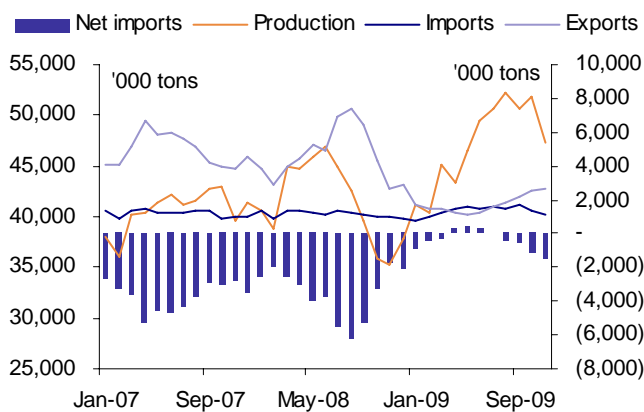
Global price trend



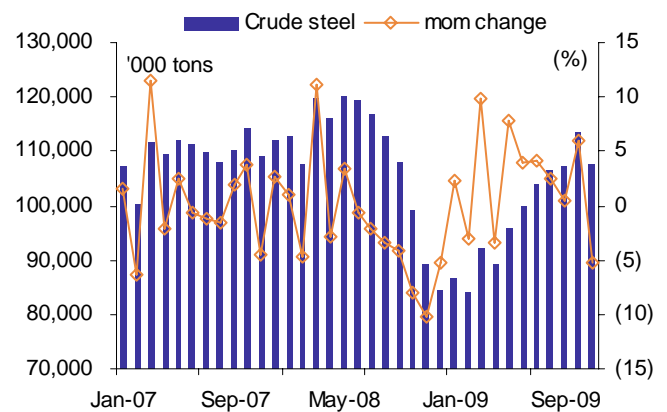
Chinese inventory trend



Chinese data



Global supply trend



Source: Bloomberg, World Steel Organisation

Key statistics

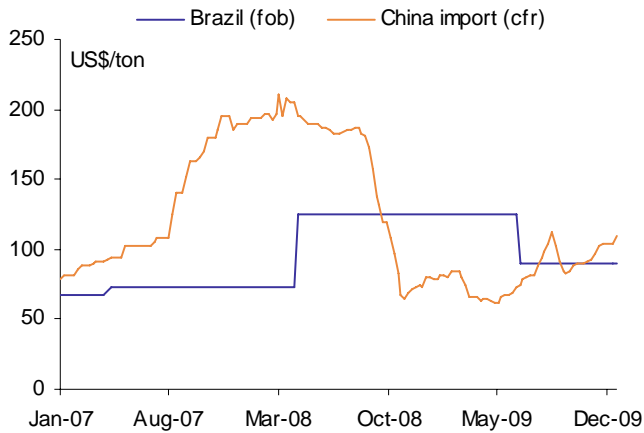
	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Price* (US\$/ton)						
USA HRC	522	535	(2.4)	503	3.8	(0.8)
N-Europe HRC	560	706	(20.7)	572	(2.1)	(19.8)
S-Europe HRC	543	599	(9.4)	567	(4.3)	(10.2)
China export HRC	485	530	(8.5)	485	-	(11.0)
('000 tons)						
Inventory (China)	6,099	2,996	103.6	6,133	(0.6)	92.4
Chinese data						
Imports	1,176	952	23.5	1,355	(13.2)	36.8
Exports	2,631	2,680	(1.8)	2,481	6.1	(8.7)
Production	47,262	35,189	34.3	51,747	(8.7)	25.1
Net imports	(1,455)	(1,728)	(15.8)	(1,126)	29.3	(28.1)

Source: Bloomberg, World Steel Organisation

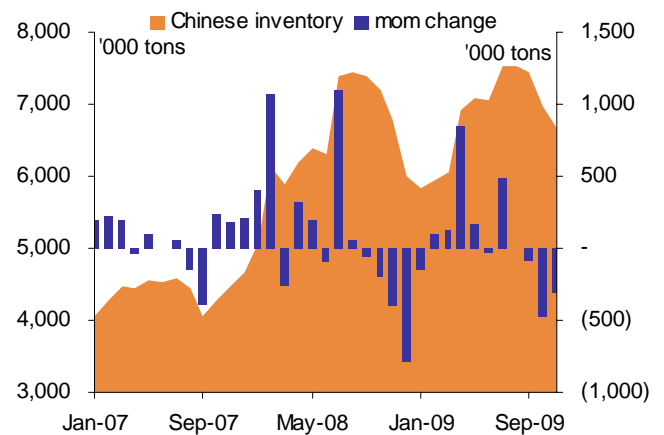
* Prices as on 23rd December, 2009

Iron ore

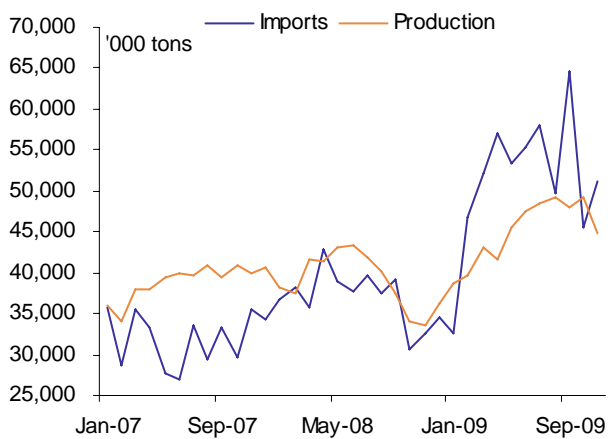
Global price trend



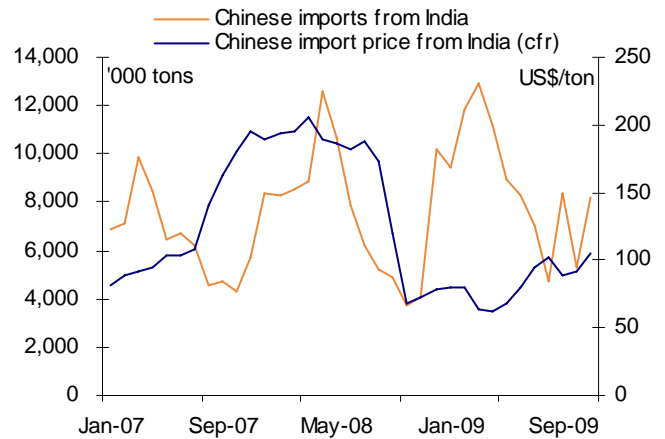
Chinese inventory trend



Chinese data



Chinese imports from India



Source: Bloomberg, World Steel Organisation

Key statistics

	Dec-09	Dec-08	yoy (%)	Nov-09	mom (%)	YTD (%)
Price* (US\$/ton)						
China import (cfr)	110	81	36.3	105	5.0	38.9
Brazil (fob)	90	125	(28.1)	90	-	(28.1)
('000 tons)						
Inventory (China)						
	Nov-09	Nov-08	yoy (%)	Oct-09	mom (%)	YTD (%)
	6,670	6,783	(1.7)	6,670	-	11.4
Chinese data						
Imports	51,068	32,520	57.0	45,472	12.3	47.9
Production	44,811	33,516	33.7	49,279	(9.1)	23.7

Source: Bloomberg, World Steel Organisation,
* Prices as on 23rd December, 2009



Ramachandran Nair R, Director & Chief executive, LIC Housing Finance Ltd, is actively involved in the operations of the company. He established a new Joint Venture Insurance Company in Kingdom of Saudi Arabia during 2005-07 and successfully completed its IPO. Prior to 2005, he held various assignments in the LIC group such as Sales Manager, Dy. General Manager (Mutual Fund), Country – Head (Mauritius), Sr. Divisional Manager, Regional Manager, Zonal Manager. He is accredited with path breaking performances in these assignments.

Brief us on the demand situation being witnessed in the last couple of quarters?

LIC Housing Finance has been witnessing significant surge in demand since Feb '09. The period between September-December 2008 may have seen increasing job losses and decreasing salaries. However, the stimulus packages announced by the government and the monetary measures undertaken by the central bank have resulted in a revival in the Indian economy. Real-estate prices corrected in the initial period of the year and the moment there was a revival in the economy, prices began to spurt faster than expected. We have been witnessing demand across the various segments.

How do you see the current pricing policy approach adopted by the competitors?

The soft interest rate regime in the past has enabled banks and housing finance companies to pass on the benefits to its customers. However, many organizations have been passing on the benefits only to new borrowers. LICHF stands distinct as it believes in passing on the benefit of lower interest rates to both old and new customers. The differential interest rate scheme has resulted in creating two-class of customers. The old customers, on one hand - pay at high rate of interest, while the new customers – pay at concessional/discounted rate. LICHF was the first company, which announced a reduction in the interest rates in the month of January, '09 and has reduced its lending rate by over 200bps in the last one year, thereby passing on the benefits to both – new and old customers.

How do you see the teaser rates being offered by banks?

Some players could face asset-liability mismatch in the long run, as the new loans have a long gestation period. Further, these loans are a zero-sum game in the initial period due to lower interest rate offered as against the average borrowing cost. In a recent move, Indian Banks' Association has planned to introduce a uniform rate for all borrowers. This move is likely to hamper lenders who have been aggressively pricing the interest rates for gaining their market share.

What are the key challenges for further growth?

We see the differential interest rate scheme itself as a key challenge. Unlike other organizations which have a large amount of hidden cost, we follow a transparent pricing policy. We also feel the inordinate increase in property price can slow down demand. A stable and reasonable property price coupled with continuance of soft lending rates can spur the demand further.

What will hold LICHF in good stead in the coming years?

The strong brand name, transparency and the trust built over the years have enabled us to tide over the economic downturn and will continue to do so.

Tell us more about the 'fix-o-floaty' scheme?

With increasing pricing war by banks & HFCs, LICHF too announced a fix-o-floaty scheme in the month of July, 2009. According to the scheme, the borrowers would pay a fixed rate of interest of 8.9% for loans up to Rs7.5m for initial 3 years; and thereafter a floating rate prevailing at the end of 3 years shall be charged. Further, the scheme allows for shifting to the floating interest rate even within the initial three years without any additional charges. We have been following a consistent policy, whereby all loans are linked to floating rates prevailing at a point in time.

What potential do you see for the industry in the present scenario?

The low mortgage:GDP ratio in India provides an incentive for further growth in coming years. In recent times, the demand supply gap has widened further from previous 27mn as at March, 2009. We have been witnessing demand across various segments. The increasing level of income has resulted in increasing affordability. The industry has a vast potential for growth, and it is important to properly price products. Demand is also linked to real estate prices. Given the fast increase in rates in recent times, property prices are unlikely to shoot up further. We expect it to remain stable in the near future.

Comment on your market share?

Among Housing Finance Companies (HFCs), we stand second. Among HFCs alone, we have a market share of around 25%. If you include banks, then our share would be around 10%. This year our market share is expected to improve.

Could you brief us about your loan growth and the mix?

Our retail exposure is ~92%. Project finance accounts for balance 8% and this lending is more for the housing sector itself. We have been witnessing strong growth across all segments. Our retail exposure increased 73% yoy, while project financing increased – 38% yoy. Further, over 95% of assets are linked to floating rates, while around 50% of liabilities are floating rate borrowings.

What is your average ticket size?

Our average ticket size has increased from Rs12.06mn earlier to current Rs14.3mn. Further, the loan-to-value ratio (ratio of loan to the value of the property) for new loans is low at 52% and MLSC (ratio of EMI / Income) is 38%, minimizing losses in the event of reduction in income levels.

What is your view on the economy front?

There has been a significant rise in food prices in recent past. The interest rates, on other hand, however, continue to remain low leading to vast divergence. There has to be a correction in food prices, aligning itself to other economic parameters. The rising inflation (up 4.78% as at the end of November, 2009) may force the central bank to reverse its accommodative monetary policy stance. RBI may increase CRR in the month of January, 2010. However with muted credit demand, the central bank may wait for increasing the interest rates until private consumption and investments gather momentum.

What is your message to your shareholders?

My message is not just to our shareholders but also to all our stakeholders, including customers, employees and market intermediaries that the company is on an overall growth path and aims to the benefit all its stakeholders. We have been constantly striving for prudent growth while maintaining a check on asset quality. This balanced growth, I believe, shall sustain the overall well-being of the company and its stakeholders for many years into the future.

Given below is the summary of performance of the mutual fund industry in India. The analysis has been based on different criteria like time period, size of corpus and scheme category. A snapshot of the report is shown below. The detailed excel sheet is mailed separately.

Mutual Funds Thermometer as on December 24, 2009

Key observations

- ✦ On a fortnightly basis, NAVs of most equity diversified funds ended in the red with advance: decline ratio at 19:170. Category average was down by 1.2%. However, mid-caps continued to be in the top quartile. Top three gainers this fortnight were Taurus Ethical (+3.7%), Canara Robeco Emerging Equities (+1.8%) and Reliance Equity Opportunities (1.8%). Large-cap funds continued to underperform the category and the benchmark indices.
- ✦ Among the sectoral funds, Information Technology and Pharma oriented funds led the charts on a fortnightly basis. Top three gainers were ICICI Pru Technology (+2.7%), Birla SL New Millennium (+2.6%) and UTI Pharma & Healthcare (+2.0%). On an average, pharma funds' NAV delivered a return of 1.8%, whereas Banking and Finance oriented funds' NAVs ended down. Top three losers belonged to this sector, namely UTI Banking Sector (-4.6%), Religare Banking-Reg (-4.9%) and JM Fin Services Sector (-5%).
- ✦ Tax- saving funds also exhibited poor performance as their NAVs ended lower. The category average was down by 1.4% this fortnight. Funds with large corpuses were able to contain the downfall, namely ICICI Pru Tax Plan (-0.2%), HDFC TaxSaver (-0.3%) and Reliance Tax Saver (-0.6%). However, funds with smaller corpuses saw a drastic fall in their NAVs, viz. LIC MF Tax Plan, Edelweiss ELSS and JM Tax Gain. Their NAV was down by ~2.4% on a fortnightly basis.
- ✦ Among the balanced fund category, most of the fund NAVs declined on a fortnightly basis. However, capital oriented funds with lower equity exposure fell compared to others. Birla Sun Life Capital Protection Oriented -3Yrs, HDFC Balanced and DWS Capital Protection Oriented were the only three funds to deliver a positive return of 0.1%. The benchmark Crisil Balanced Fund Index was down by 1.6% on a fortnightly basis.
- ✦ Gold continued to under-perform this fortnight. Gold ETF NAVs were down by ~4.1%. Banking ETFs, especially Public Sector Undertaking, underperformed on the ETF charts on fears of an impending monetary tightening. Junior Bees, though down by 1%, topped the ETF chart on a fortnightly basis.

Mutual Fund Thermometer as on December 24, 2009									
	Fortnightly returns (%)			Monthly returns (%)			Yearly returns (%)		
	Average	Min	Max	Average	Min	Max	Average	Min	Max
Equity - Diversified Funds	(1.2)	(5.8)	3.7	0.4	(3.7)	6.6	72.0	(21.2)	145.5
Sector Funds	(1.3)	(5.0)	2.7	0.1	(7.3)	10.4	70.6	2.8	126.7
Index Funds	(2.4)	(3.4)	(1.3)	(2.4)	(3.7)	(1.4)	57.6	20.4	74.7
ELSS Funds	(1.4)	(2.7)	(0.2)	(0.1)	(2.9)	3.7	58.8	35.8	108.1
Arbitrage Funds	0.0	(0.7)	0.2	0.1	(0.5)	0.3	7.1	3.6	46.5
Balanced Funds	(0.8)	(4.4)	0.1	(0.3)	(16.6)	3.2	35.6	7.8	83.6
Income Funds	0.0	(0.8)	0.7	0.1	(1.6)	1.6	3.5	(7.4)	12.8
Money Market Funds	0.2	0.0	8.0	0.1	0.0	0.2	4.4	0.0	8.8
Gilt Funds	(0.1)	(1.6)	2.1	(0.2)	(1.9)	1.8	(1.7)	(10.6)	6.3
Exchange Traded Funds	(3.4)	(4.8)	(1.0)	(4.0)	(6.1)	1.8	59.8	24.1	124.6
Fund of Funds	(0.8)	(5.0)	3.4	(0.9)	(12.0)	0.7	31.9	(2.2)	86.9

Note: Closing NAV of December 23, 2009 used for analysis

Disclaimer: Mutual Funds are subject to market risk, please read the offer documents carefully before investing.

Debt Market - week ended December 24, 2009

- ✦ The benchmark 10-Year G-Sec yield ended flat this week at 7.56%, after touching a high of 7.61%. However, shorter tenure G-sec yields ended higher on a weekly basis except for 3-year G-Sec bonds, which witnessed some buying interest from the trader. Its yield softened by 7bps during the week.
- ✦ RBI conducted T-bill auction for Rs60bn on Wednesday at a higher cut-off yield than previous week. The 91-days T-bill was issued at 3.76% vis-à-vis 3.68% in the preceding week while, the 182-days T-bill was issued at 4.34% vis-à-vis 3.82%.
- ✦ ICICI Bank is in the process of raising funds up to Rs12bn via bonds. Bank plans to raise at least Rs5bn by issuing Tier-II bonds with an option to raise further if the issue is oversubscribed.
- ✦ Food inflation softened by 120bps to 18.65% for the week ended Dec 21 vis-à-vis 19.95% last week due to lower inflation in some of the staple items, fruits and vegetables. Primary articles index was also down at 14.66% vis-à-vis 14.98% in the previous week.
- ✦ Central Bank of Russia cut its benchmark rate for the 10th time in a row since April '09. It cut rate to a record low 8.75% and also lowered the repurchase rate to 7.75% with effective from Dec 28, 2009. It was mainly aimed at easing credit flow in the country and discouraging speculative currency trades.

Government bonds		Change over (bps)			
G-Sec Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
1 Year	5.10	5	54	11	(19)
2 Year	6.17	21	47	6	77
5 Year	7.20	3	19	15	149
10Year	7.56	-	36	48	199
15 Year	8.05	6	24	20	196

Corporate bonds		Change over (bps)			
AAA Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
1 Year	5.41	(129)	(109)	(144)	(333)
2 Year	6.66	(93)	(88)	(117)	(200)
5 Year	8.23	(11)	26	(22)	(47)
10Year	8.66	(2)	13	(14)	42
15 Year	9.45	(13)	(14)	(13)	(25)

Short-term instruments		Change over (bps)			
Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
Treasury Bills					
Before					
T-Bills – 91 D	3.76	3.68	3.28	3.40	5.04
T-Bills – 182 D	4.34	-	3.74	-	5.10
T-Bills – 364 D	-	4.68	-	4.33	-

Certificates of Deposit		Change over (bps)			
Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
CD – 3 month	3.95	25	50	40	(375)
CD – 6 month	4.90	20	45	95	(350)
CD – 1 year	5.85	15	55	-	(275)

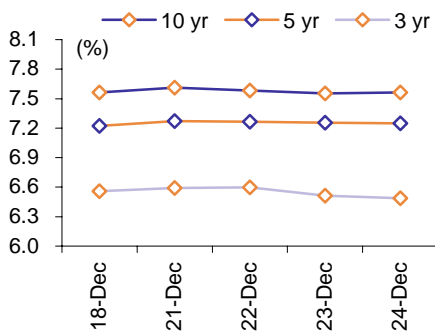
Commercial Papers		Change over (bps)			
Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
CP – 3 month	3.40	14	12	16	(321)
CP – 6 month	3.08	(62)	230	129	(335)
CP – 1 year	3.06	(27)	223	179	(253)

Money market		Change over (bps)			
Yields	Current (%)	1 Week	1 Month	3 Months	1 Year
Call rate	3.47	(2)	20	20	(263)
Repo rate	3.45	(24)	268	47	(246)
CBLO rate	3.33	-	250	51	(214)

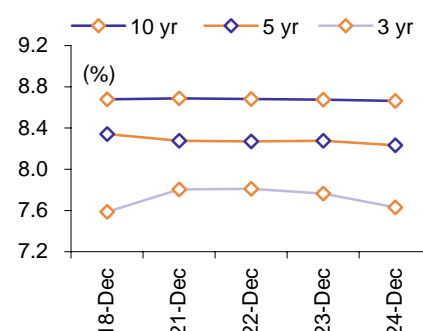
Volume		Change over (Rs bn)			
Current (Rs bn)	Current (%)	1 Week	1 Month	3 Months	1 Year
G-Sec	450	651	904	775	581
Corp bonds#	82	61	79	60	73
Money Mkt*	3,933	5,005	4,734	4,213	2,948

Note: * includes CBLO, Call and Rep # corporate bonds traded at BSE, NSE and FIMMDA

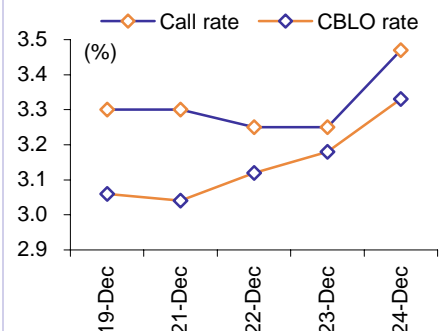
G-Sec yields



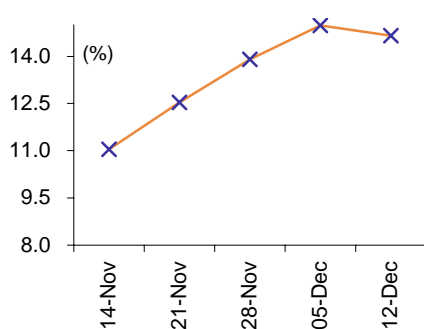
AAA bond yields



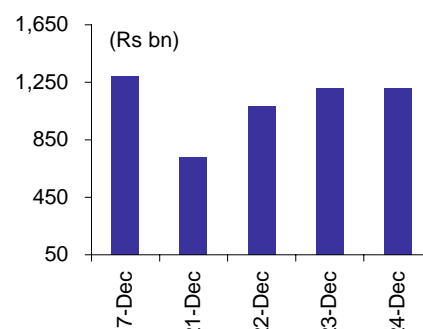
Money market yields



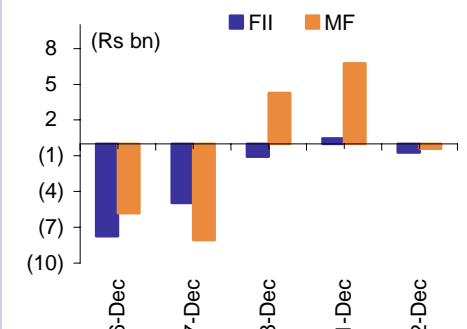
Primary articles inflation



G-Sec volume

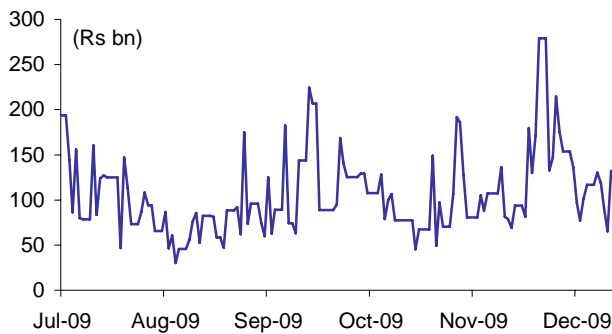


FII/MF trend



G-Sec round-up

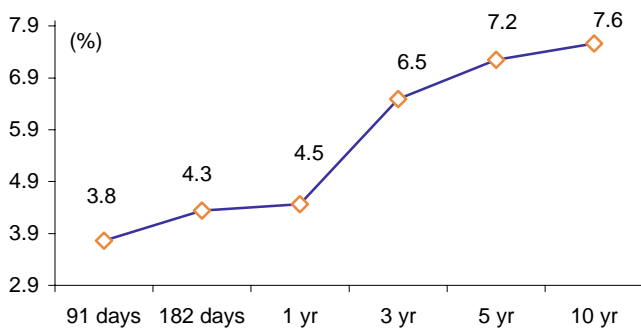
G-sec volume



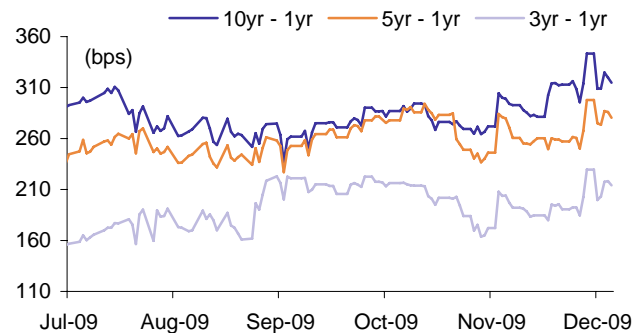
Top five traded G-Sec

G-Sec	Vol (Rs bn)		No of Trades	
	Total	Avg	Total	Avg
6.35% G.S 2020	214	53	2,984	746
7.02% G.S 2016	100	25	1,211	303
6.90% G.S 2019	42	11	586	147
9.39% G.S 2011	20	5	30	8
5.87% G.S 2010	13	3	37	9

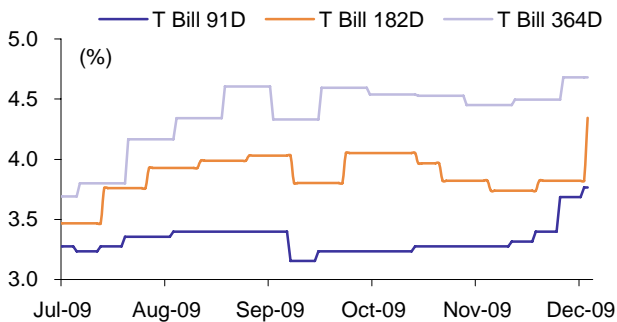
G-Sec yield curve



G-Sec yield spreads



T-Bills yields



T-Bills auction calendar

Date of Auction	(up to December 31, 2009)			Total
	91 D	182 D	364 D	
30-Dec-09	20	-	10	30

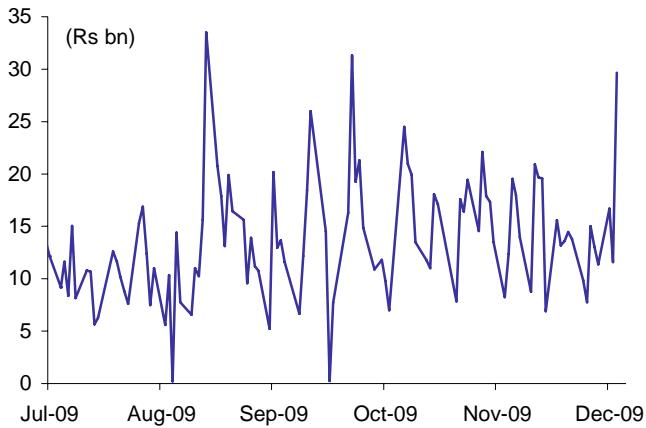
Government borrowing calendar

Latest calendar (Rs bn)	(up to March 31, 2010)				
	Maturity 5-9 yrs	Maturity 10-14 yrs	Maturity 15-19 yrs	Maturity 20 & above	Total
January 1- 8	30-40	40-50	-	20-30	100
January 8- 15	30-40	40-50	20-30	-	100
January 15-22	-	40-50	-	20-30	70
January 29- Feb 5	-	50-60	20-30	-	80

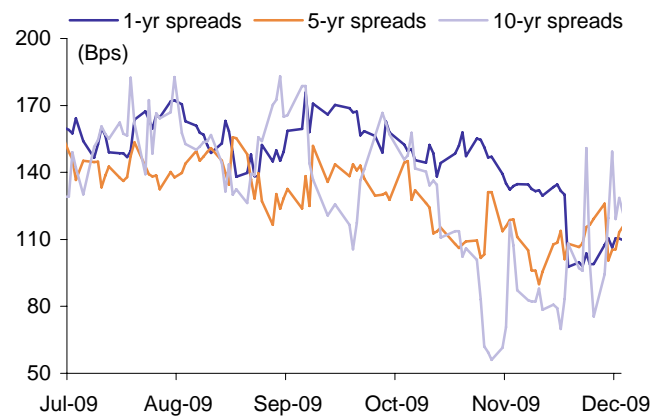
Source: India Infoline Research, RBI, Bloomberg

Corporate Bonds round-up

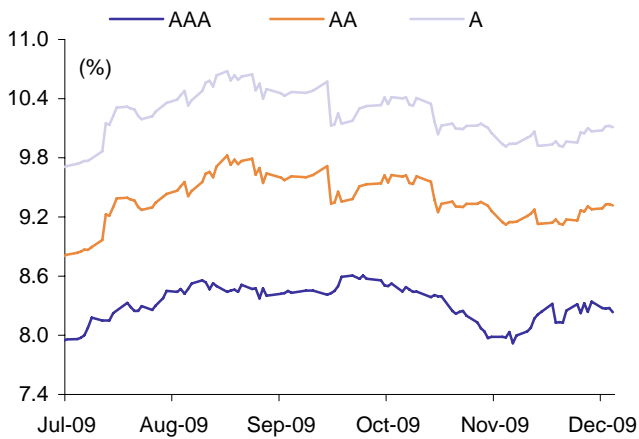
Corporate Bond volume



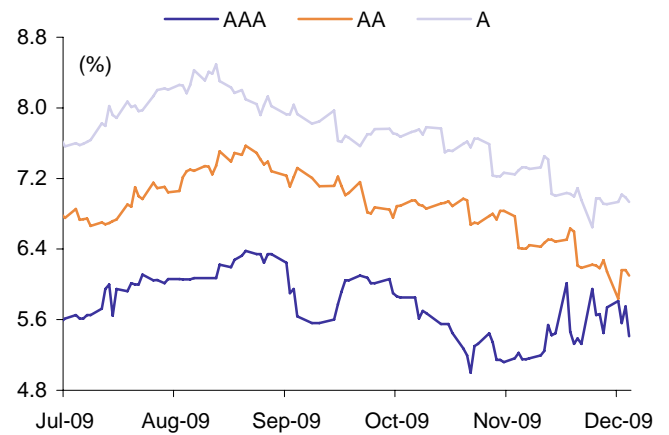
AAA bond spreads over G-Sec



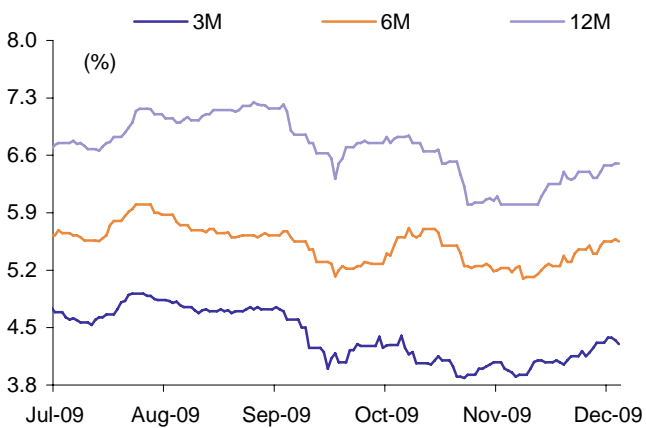
Corporate Bond – 5 yr



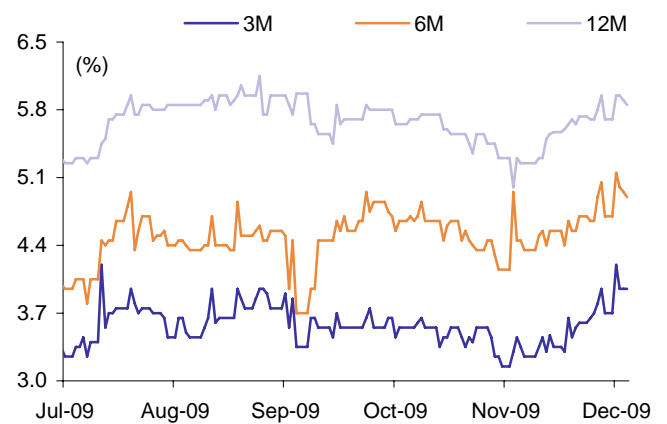
Corporate Bond – 1 yr



Commercial Papers



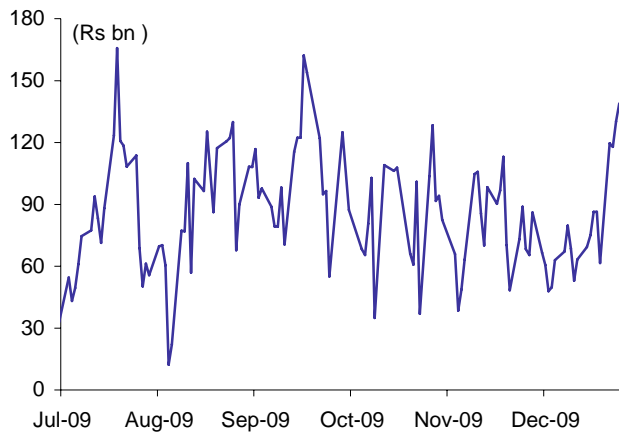
Certificate of Deposits



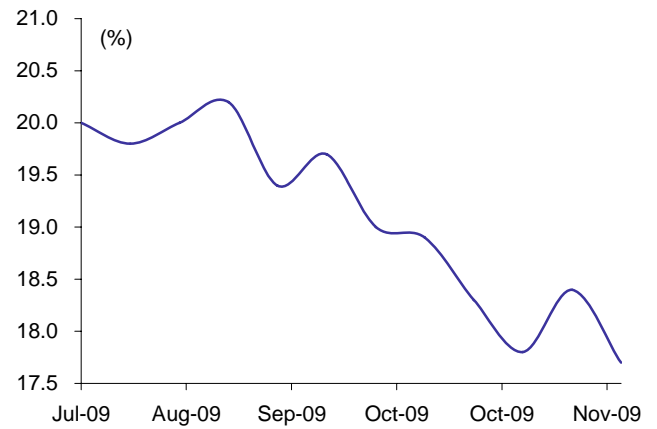
Source: India Infoline Research, Bloomberg

Money Market round-up

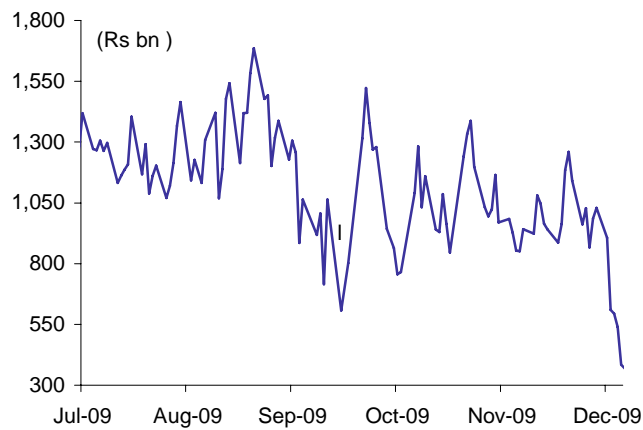
Call volume



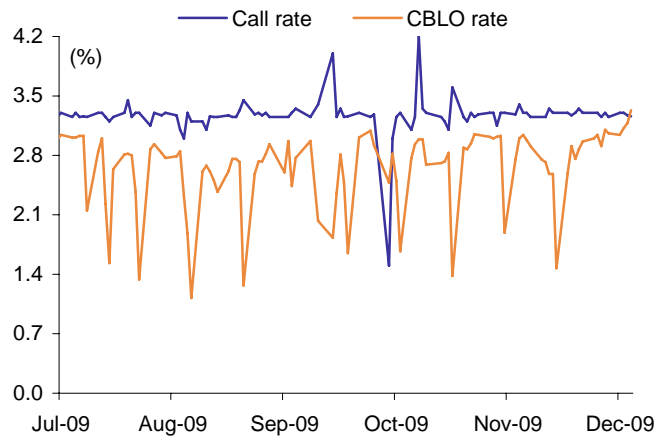
Money Supply (M3) growth



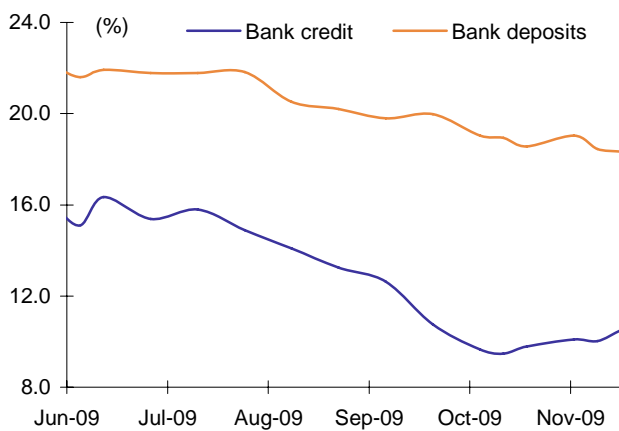
LAF outstanding



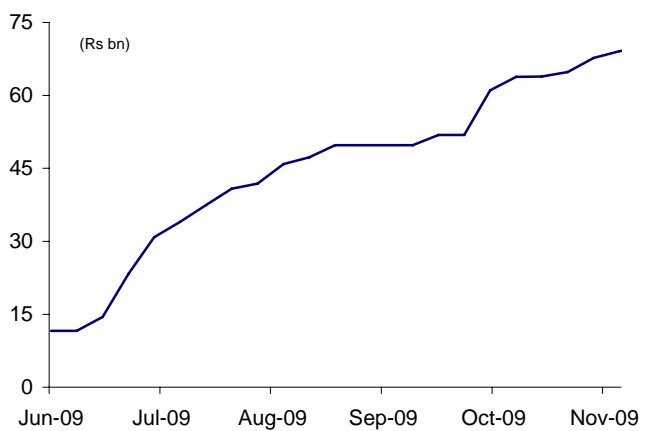
Call and CBLO rates



Credit and Deposits growth



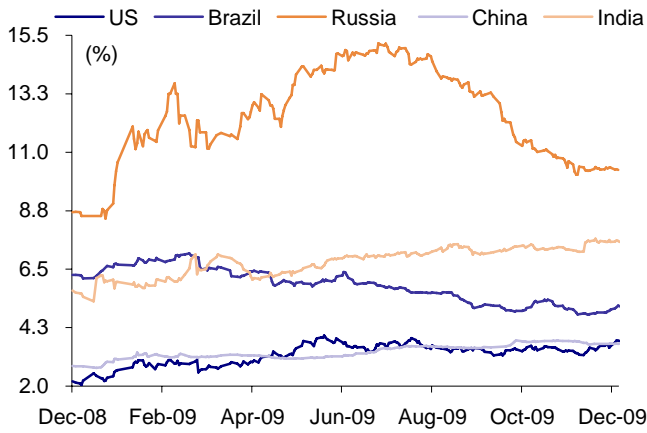
OMO outstanding



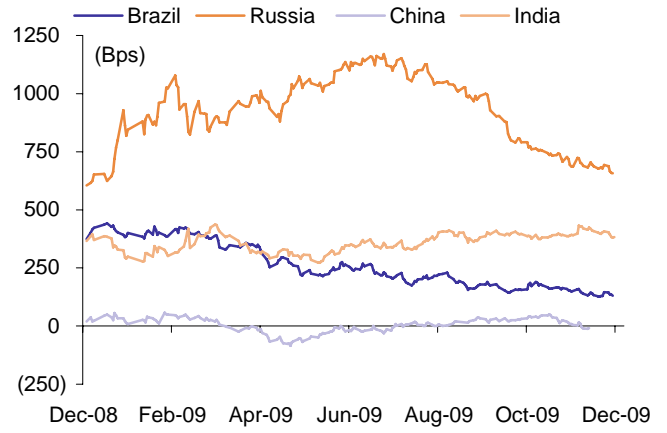
Source: India Infoline Research, Bloomberg

Global round-up

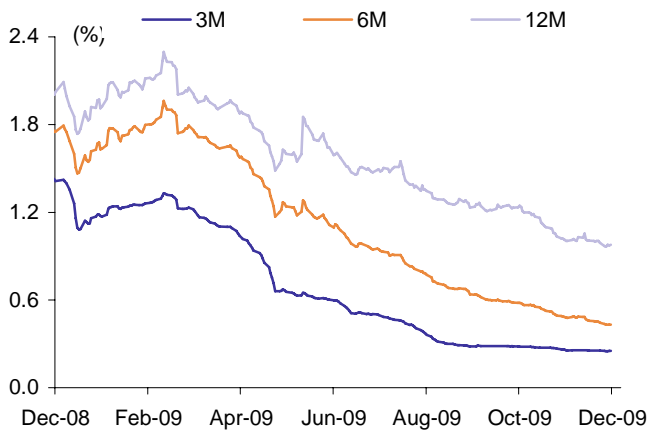
G-Sec 10 Year



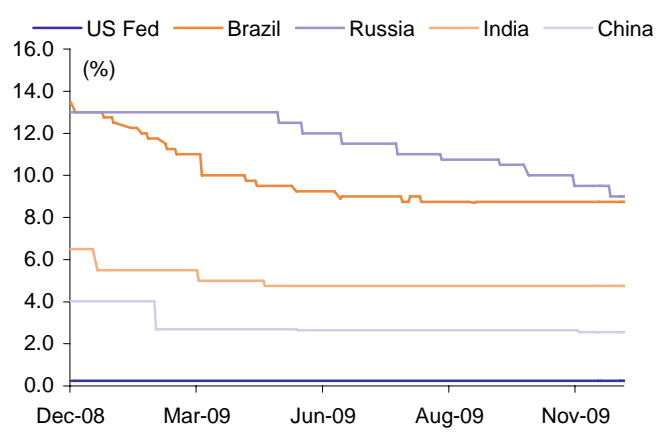
BRIC yield spreads over US



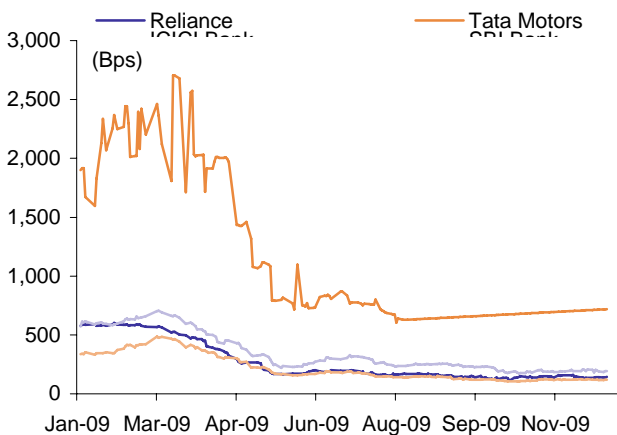
LIBOR



Bank rate



Credit Default Swap (CDS) – 5 Year

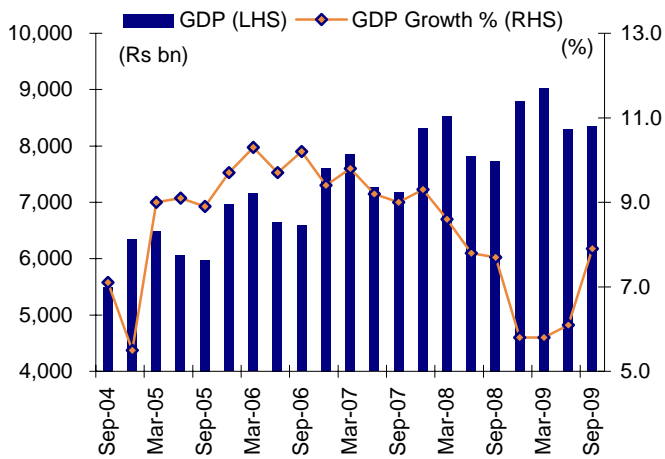


US Treasury Yield

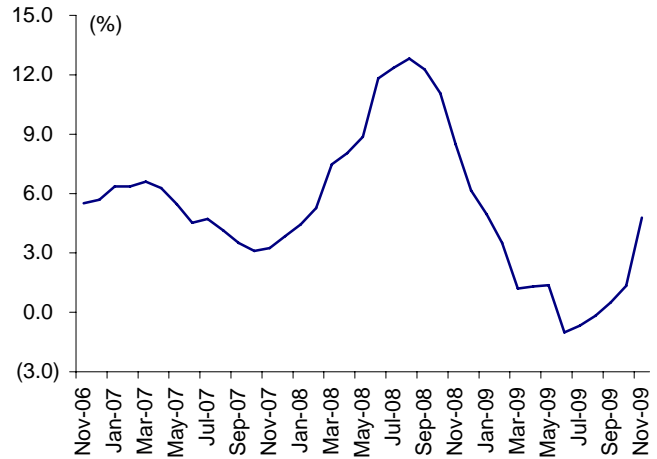
US Treasury Yield	Current (%)	Change over (Bps)			
		1 Week	1 Month	3 Months	1 Year
3-Months	0.05	-	2	(5)	2
1-Year	0.43	7	17	2	5
5-Year	2.57	27	54	21	106
10-Year	3.82	27	61	48	166
30-Year	4.68	22	47	58	207

Source: India Infoline Research, Bloomberg

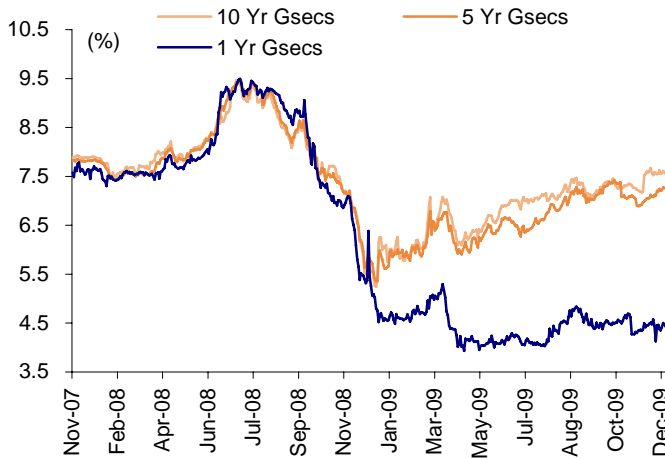
Quarterly GDP growth



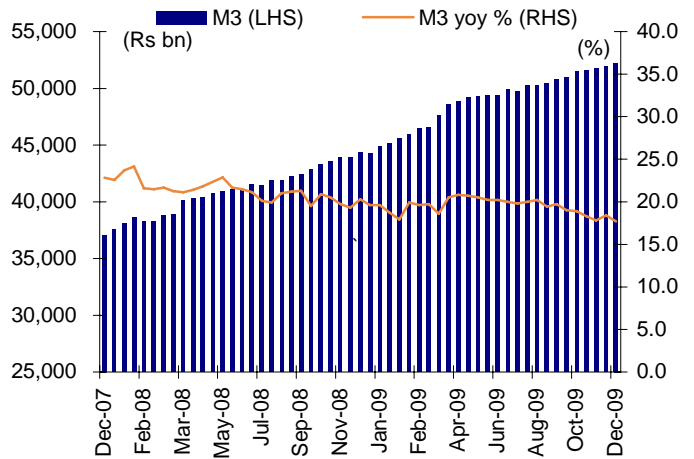
Inflation



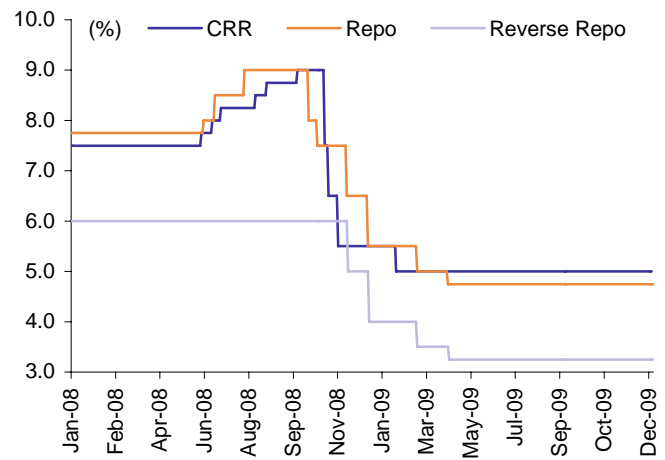
G-Secs yield



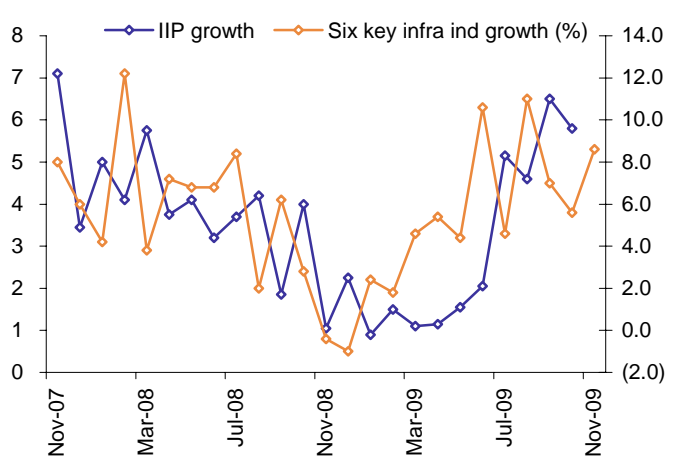
M3 growth



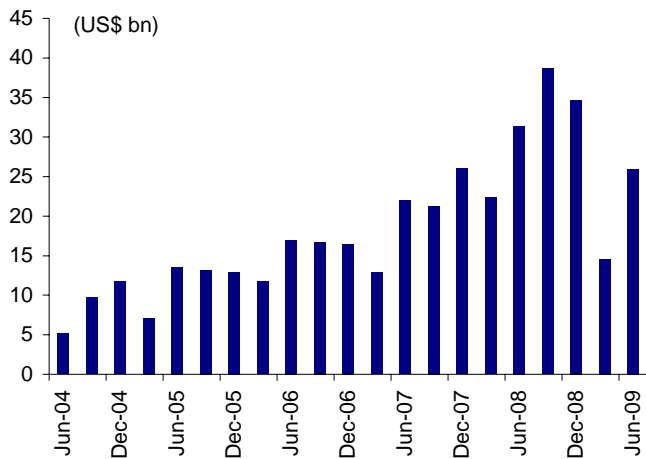
CRR, Repo



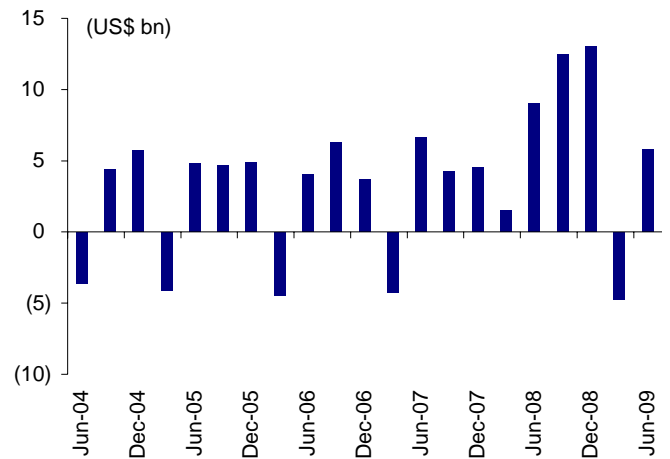
IIP and Six key infra industry growth



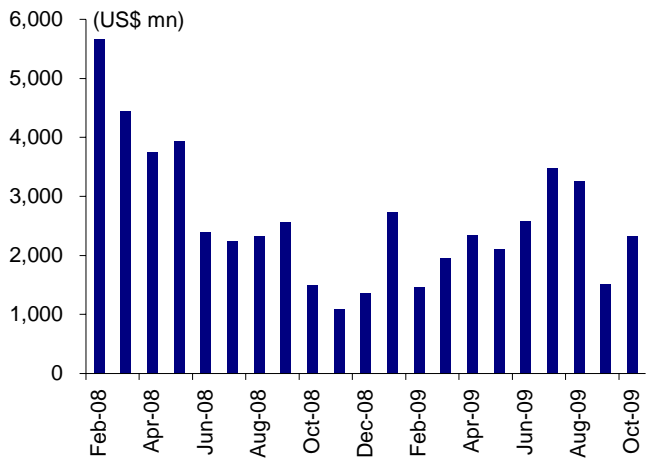
Trade deficit



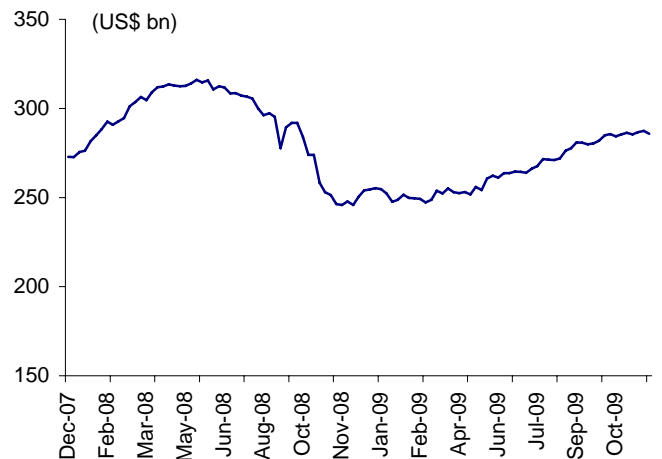
Current account deficit



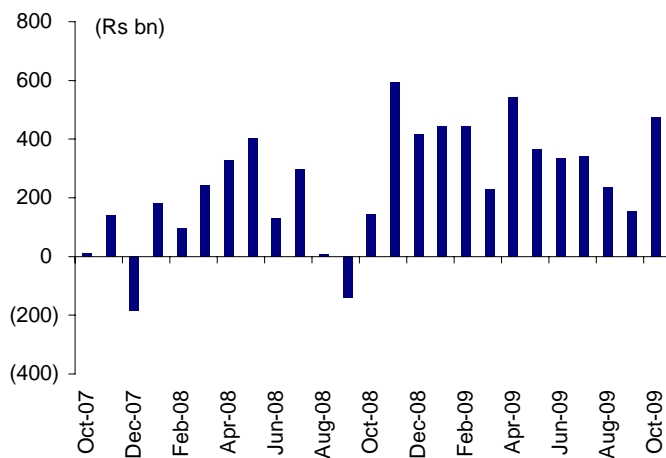
FDI



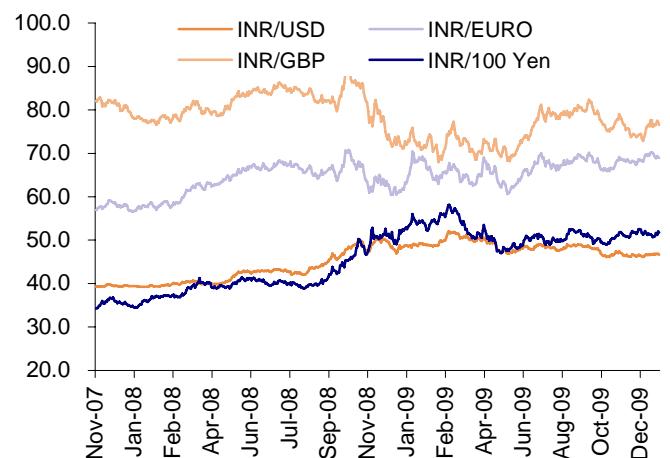
RBI forex reserves



Fiscal deficit



Currency movement



Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	December 01	December 02	December 03	December 04	December 05
	<ul style="list-style-type: none"> - India Exports YoY% -6.6% vs -13.8% - India Imports Yoy% -15% vs -31.3% - US ISM manufac 53.6 vs 55.7 - Construction spending mom 0.0% vs 0.8% 	<ul style="list-style-type: none"> - US consumer confidence -45 vs -47 - Total vehicle sales 10.92mn vs 10.45mn - Mortgage applications 2.1% vs -4.5% 	<ul style="list-style-type: none"> - US nonfarm productivity 8.1% vs 9.5% - Initial jobless claims 457k vs 466k 	<ul style="list-style-type: none"> - US change in nonfarm payroll -11k vs -190k - Unemployment rate 10% vs 10.2% - Factory orders 0.6% vs 0.9% 	
December 07	December 08	December 09	December 10	December 11	December 12
	<ul style="list-style-type: none"> - US consumer credit -\$3.5bn vs -\$14.8bn 	<ul style="list-style-type: none"> - US consumer confidence -47 VS -45 - Mortgage applications 8.5% VS 2.1% - Wholesale inventories 0.3% VS -0.9% 	<ul style="list-style-type: none"> - US trade balance -\$32.9bn vs -\$36.5bn - Initial jobless claims 474k vs 457k 	<ul style="list-style-type: none"> - India IIP yoy 10.3% vs 9.1% - US Business inventories 0.2% vs -0.4% - Import Price index yoy 3.7% vs -5.7% 	
December 14	December 15	December 16	December 17	December 18	December 19
	<ul style="list-style-type: none"> - US Producer price index yoy 2.4% vs -1.9% - Empire Manufac 2.55 vs 23.51 - Industrial production 0.8% vs 0.1% - Capacity utilization 71.3% vs 70.7% 	<ul style="list-style-type: none"> - US consumer confidence -45 vs -47 - Mortgage applications 0.3% vs 8.5% - Building permits 584k vs 552k - Housing starts 574k vs 529k 	<ul style="list-style-type: none"> - US leading indicators 0.9% vs 0.3% - Initial jobless claims 480k vs 474k 		
	Bajaj Hindusthan				
December 21	December 22	December 23	December 24	December 25	December 26
	<ul style="list-style-type: none"> - US GDP qoq 2.2% vs 2.8% - Existing home sales 6.54mn vs 6.10mn 	<ul style="list-style-type: none"> - US consumer confidence -42 vs -45 - Mortgage applications -10.7% vs 0.3% - New home sales 355k vs 430k 	<ul style="list-style-type: none"> - US durable goods order – 0.2% - Initial jobless claims – 452k vs 480k 		
December 28	December 29	December 30	December 31		
	<ul style="list-style-type: none"> - US consumer confidence 	<ul style="list-style-type: none"> - US consumer confidence - Mortgage applications 	<ul style="list-style-type: none"> - US initial jobless claims 		<ul style="list-style-type: none"> Bajaj Auto – 12 Jan Bajaj Fin – 12 Jan Bajaj Hold – 13 Jan Shree Cem – Jan 13 BPCL – 28 Jan

Orange: AGM/dividend (D), Black: Quarterly Results, Blue: Economic data,

Recommendation parameters for fundamental reports:

Buy – Absolute return of over +10%

Market Performer – Absolute return between -10% to +10%

Sell – Absolute return below -10%

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India Infoline Ltd. One India Bull Center, Jupiter Mill Compound, 841, Senapati Bapat Marg, Nr, Elphinstone Road, Lower Parel (W), Mumbai 400 013.

For Research related queries, write to: Amar Ambani at amar@indiainfoline.com or research@indiainfoline.com
For Sales and Account related information, write to customer care: info@5pmail.com or call on 91-22 4007 1000