

# ALPHA TRADE: LONG PHARMA BASKET - SHORT NIFTY

Featured Alpha Trade: Pharma Basket/ NIFTY

### Strategy:

Buy Pharma Basket and sell Nifty on a rupee-neutral basis in anticipation of Pharma Basket outperforming Nifty in the coming few trading sessions.

Weight	Pharma	Index	Weight
0.35	Ranbaxy	Nifty	1.00
0.25	Orchidchemicals		
0.25	Cipla		
0.15	Wockhardt		

### Technical Indicators:

Ranbaxy: has broken out of long term down-trend accompanied by robust volumes. The scrip had tested this supply region twice before. The scrip is also trading very close to its intermediate top at INR 435 and looks good to break it. The moving averages are signaling bullish undertone and the scrip looks good for a short term move towards INR 500. Keep a SL of INR 405.



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Orchid Chem is trading above INR 225 which has traditionally been a very good resistance and support level. The scrip has broken out accompanied by good volumes and a strong RSI. The moving averages have converged in the scrip, signaling a strong move in the short term. The scrip should test INR 260 levels in the short term. Keep a SL of INR 210 for the trade.



Wockhardt Pharma has broken out of medium term supply zone with good volumes and moving average crossover. The scrip broke out at INR 400 levels and looks good for a target of INR 460 in the short term. Keep a SL of INR 390 for the trade.



Cipla has been on a consistent downtrend since late 2006. The scrip has recently given a breakout on the RSI accompanied by good volumes, moving average crossover and has also formed a double bottom. The pattern would be confirmed if the scrip closes above INR 185 levels which would also be the first signal of reversal of downtrend. With all the indicators showing bullish setups, the scrip is expected to come out of its downtrend. Beyond this the scrip is expected to test INR 220 levels. Keep a SL of INR 165 for the trade.



## Closed Trades

Start Date/ Closing Date	Strategy	Entry Price	Entry Ratio	Close Price	Close Ratio	Target Ratio	Return on GEP*	Return on AD#	Max Gain on GEP*	Max loss on GEP*	Status
19-Sep-07	Long PNB	508	1.615	537	1.700	1.70	1.5%	2.9%	1.8%	0.0%	Closed
24-Sep-07	Short BOB	315		315							
4-Jul-07	Long GUJAMBCEM	125	0.133	130	0.125	0.14	-6.5%	-13.0%	0.0%	-6.5%	Closed
10-Jul-07	Short ACC	940		1,036							
6-Jun-07	Long RCOM	516	4.230	536	4.504	4.50	6.3%	12.6%	6.3%	-2.9%	Closed
5-Jul-07	Short IDEA	122		119							
7-Jun-07	Long India Cements	169	0.070	180	0.074	0.074	6.1%	12.3%	6.2%	0.0%	Closed
19-Jun-07	Short Grasim	2,421		2,434							
11-Jun-07	Long Tata Motors	652	18.270	643	17.369	19.370	-5.1%	-10.2%	0.0%	-5.1%	Closed
14-Jun-07	Short Ashok Leyland	36		37							
18-May-07	Long HDFC Bank	1,070	0.170	1,148	0.181	1.790	6.7%	13.4%	6.7%	0.0%	Closed
31-May-07	Short Bank Nifty	6,291		6,325							
8-May-07	Long REL	506	0.852	552	0.923	0.921	8.3%	16.6%	8.3%	0.0%	Closed
21-May-07	Short Tata Power	593		598							
16-Apr-07	Long Nifty	4,013	0.736	4,084	0.770	1.790	4.5%	9.0%	6.8%	0.0%	Closed
27-Apr-07	Short CNXIT	5,453		5,302							
15-Mar-07	Long Infosys	2,079	1.685	2,087	1.654	1.790	-1.9%	-3.8%	1.1%	-5.4%	Closed
13-Apr-07	Short TCS	1,234		1,262							
24-Jan-07	Long Nifty	4,090	0.675	3,691	0.739	0.729	7.7%	15.5%	7.7%	-0.4%	Closed
4-Mar-07	Short Bank Nifty	6,056		4,995							
31-Jan-07	Long Satyam	472	0.370	433	0.344	0.390	-7.0%	-14.0%	2.1%	-7.0%	Closed
19-Mar-07	Short TCS	1,278		1,261							
14-Dec-06	Long ACC	1,029	7.42	1,014	7.80	7.87	5.0%	10.1%	5.0%	-1.9%	Closed
20-Feb-07	Short Gujamb	139		130							
6-Feb-07	HLL	209	1.19	200	1.14	1.25	-5.0%	-10.0%	0.0%	-5.0%	Closed
20-Feb-07	ITC	175		176							
7-Feb-07	Long Grasim	2,873	2.55	2,745	2.77	2.70	7.6%	15.1%	7.6%	0.0%	Closed
13-Feb-07	Short Ultratech	1,126		991							
8-Jan-07	Long Grasim	2,819	2.58	2,875	2.78	2.76	7.4%	14.8%	7.6%	4.3%	Closed
25-Jan-07	Short Ultratech	1,092		1,033							
9-Jan-07	Long Maruti	886	0.97	912	0.96	1.04	-1.4%	-2.9%	1.4%	3.4%	Closed
19-Jan-07	Short Tata Motors	911		951							
5-Jan-04	Long HCLT	322	1.16	327	1.30	1.22	11.0%	21.9%	13.3%	-	Closed
13-Jan-04	Short NIIT	277		252							

\* Gross Equity Exposure # Amount Deployed

## Note:

- Pair strategy recommends buying one security and short selling another in the same industry/sector (i.e. being sector neutral) with the expectation of out-performance of one security compared to another.
- It is a purely quantitative measure of relative value based on historical price movements of two securities. Fundamental analysis has not been used for this. The calls are based on the concept of reversion to the mean.
- Clients should exercise their own discretion in setting stop loss on the recommended strategy.
- The recommendation runs for a maximum time period of 30 trading days.

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 Earnings Strength Comparison (ESC)  
 Edelweiss Corporate Action Tracker (e CAT)  
 Edelweiss Fund Insight (EFI)  
 Edelweiss Market Scan (EMS)  
 Edelweiss Technical Reflection (ETR)  
 Edelweiss Value Scanner (EVS)  
 F&O Crossover  
 hEDGE  
 Insider Trades  
 Pair Strategy  
 Rollovers Analysis  
 RSC Tracker (RSC)

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 Rights Arbitrage  
 Secondary Offerings  
 Spread Trade

**Date Special Reports**

08-Jun-07	Master Moves; Opportunities from open offer, buyback, de-listing
06-Aug-07	Earning Strength Comparison
03-Aug-07	Enhanced Nifty: Nifty with an edge
14-Aug-07	Edelweiss Value Scanner; Adding Value to investments

**Date Monthly Reports**

03-Sep-07	hEDGE: The alternative insights monthly
06-Sep-07	RSC: Relative Strength Comparison
16-Aug-07	EFI: Edelweiss Funds Insight
30-Aug-07	Rollover Analysis

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