

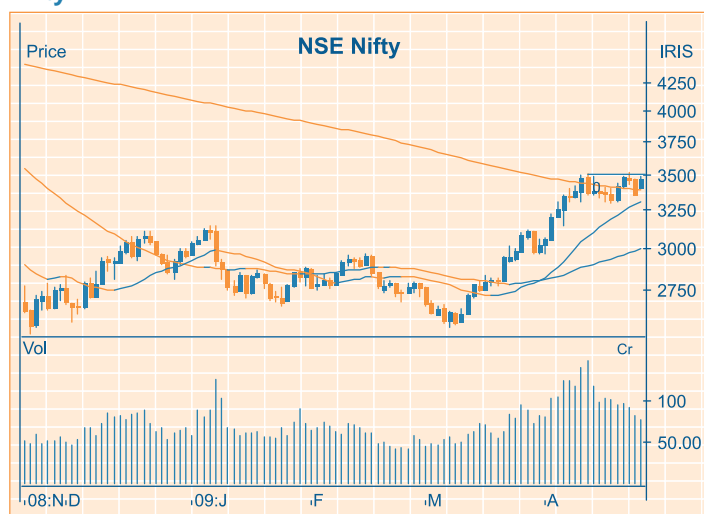
In last two weeks, the Nifty has been moving in a range between 3307-3517. It has consistently struggled to give a close above 200-DMA and is struggling around 3450 levels (as seen below). In the near term, the Nifty will have to go above the trendline shown in the chart on a closing basis. If it fails to sustain above these levels, we could see a formation of Double Top, bringing the Nifty back to 3,200 levels.

The rally during the last seven weeks has seen unprecedented gains across the board. However, most of the gains have been without any proper correction. We believe the market is now precariously poised at current levels with all the good news being factored in the prices.

A sustained move above 3,600 will however open up the possibilities for more upside. This again is highly unlikely at least till the outcome of the general elections.

Even as people get ready to vote in Mumbai (which you must), the country has already completed two phases of elections. We maintain our stance that the **market is likely to take a pause at the current juncture and consolidate within the range of 3,200 and 3,600 for the time being.** (As we had mentioned in our Weekly Wrap edition dated 17th April 2009).

Nifty



Source: India Infoline Research, IRIS

Election 2009 - Fortunes of many could change

To put it in numbers, 265 out of the 543 seats have already been polled though the outcome will be known only on May 16. Even before the election, the two major parties and the rest - often loosely referred to as the Third Front - have been trying to sound confident of making it to the centre. **Reports so far indicate that the race remains wide open. In fact, even after the elections the fortunes of many could change as arithmetic of securing the numbers come into play.**

A fractured verdict means the Congress and the BJP would have to work on aligning with the regional parties and independents. Political voices so far indicate that the Left may choose to lower its guard and align with the Congress to keep the BJP away from the Center. That would happen only if the formation of a Third Front with active participation from the Left fails. That's about the politics of it. Coming

to the market, it really may not matter whether it's the Congress-led UPA or the BJP-led NDA which comes to power. What is needed is stability, which the Third Front looks unlikely to provide (at least in terms of confidence).

If history is any indication, there has been no clear pattern in market movement after the elections. The biggest 3-month gain post elections came in 1991 when Congress came to power after Rajiv Gandhi's assassination. Prior to that in 1989 when VP Singh took charge the market started off marginally weak in the first few months then clocked over 90% return in a year. In the last elections, the market was down over 13% a month before the election and fell a little below 6% a month after the elections. Thereafter it gave positive returns to eventually witness new highs for the indices in early 2008.

Sensex movement during elections



Source: India Infoline Research

Q4 FY09 Earnings - No negative surprises as yet

Q4 till now has not thrown up any major negative surprises. Further, the earnings downgrade momentum seems to have been arrested for now. Nifty is currently trading at ~13x one-year forward earnings which we believe is a fair multiple at this stage of economic cycle. However, any further upside in Nifty from current levels has to be backed by positive macro data points and revival in corporate earnings performance.

Global: Negative news flow slowing down

The worsening financial environment which reached a climax in September 2008 is showing signs of improvement. Slow down of negative news flow in the manufacturing and housing sectors has boosted sentiment in US. In addition, Q1 results for most banks in US and Europe beat markets estimates raising hopes that the worst of global financial crises is nearing an end.

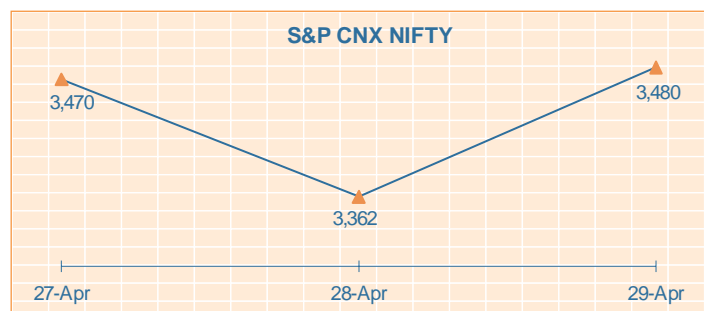
However, considerable doubts remain about the sustainability of the current buoyant trend. Balance sheets of banks in mature markets may still have some more repairing to do. The US government will next week release the results of its stress test of the leading banks. Already, reports say that Bank of America and Citigroup will need more capital. Whether there are more banks in this list only time will tell.

On the data points too, what we have seen is only some easing of declines. What is needed is for this slowdown in negative news flow to turn into a sustained positive news flow. We believe, this may take a while though we have seen better scenarios emerging in some pockets of the world economy.

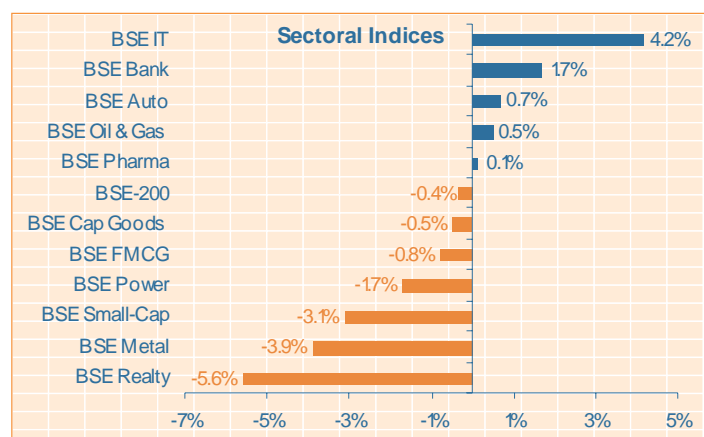
India Infoline Weekly Wrap

Market review

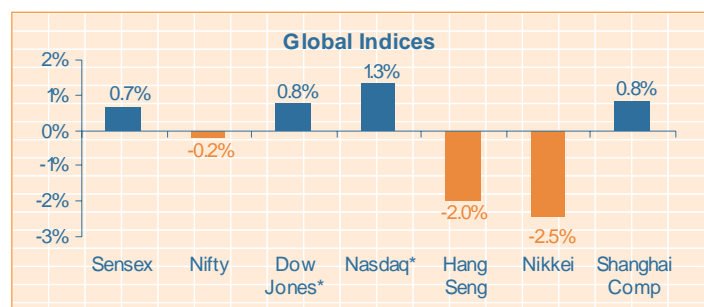
In the truncated trading week, the NSE Nifty fell by 0.2% and the BSE Sensex was up 0.7%. The uncertainty surrounding Lok Sabha elections and anxiety over the banks' stress test results in the US kept the bulls on tenterhooks. Nagging concerns over the swine flu outbreak and its impact on the tentative global recovery also weighed on the sentiment.



IT stocks were among the major gainers after the tech companies (both mid-caps and large caps) announced quarterly earnings without any major negative surprises. Metal stocks witnessed a sell-off led by Tata Steel following a sharp fall in metal prices on the LME. ArcelorMittal reported Q1 net loss of US\$1.1bn. Bank, Auto and Oil & Gas indices posted steady gains. Some profit booking was seen in Realty stocks.



Most global markets traded lower during the early part of the week amid worries about the economic fallout of the swine flu. Asian markets closed lower as the recent rally lost steam in a busy week for quarterly results. Global investors chose to remain on the sidelines ahead of some key economic reports and results of US Treasury's "stress tests" for the largest banks.



*As per previous close

FII & MF activity

(Rs cr)

Date	FII Net Investment	MF Net Investment
23-Apr	312	460
24-Apr	514	204
27-Apr	1,840	(24)
Total 2009	442	(295)

BSE Sensex & BSE 200 Top Five Gainers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
ICICI Bank	479	10.4	LIC Housing Fin	366	6.0
TCS	624	6.8	SRF	85	5.8
Wipro	331	6.0	Godrej Cons	140	5.2
Infosys	1,509	4.2	BEML	517	5.2
Hero Honda	1,183	3.1	Federal Bank	187	5.2

BSE Sensex & BSE 200 Top Five Losers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Tata Steel	238	(8.8)	Aban Offshore	407	(16.3)
R Com	215	(7.4)	Essar Oil	144	(14.2)
Reliance Infra	695	(6.0)	Indian Bank	101	(13.8)
Hindalco	54	(5.6)	Jai Corp	169	(13.3)
Ranbaxy	166	(5.6)	United Breweries	95	(12.5)

Bulk deals

Date	Institution	Scrip name	B/S	Qty (lacs)	Price
27-Apr	Goldman Sachs	REI Six Ten (R)	B	1.7	998
28-Apr	Citigroup G	Info Edge	B	4.5	530
28-Apr	Goldman Sachs	Rolta India	S	13.8	78

Insider trades

Company	Name	B/S	Qty ('000)
Arihant Foundation	S. Jayalakshmi	B	7.0
BAG Films	Nalin Kohli	S	46.7
AMD Industries	Harswarup Gupta	B	2.8

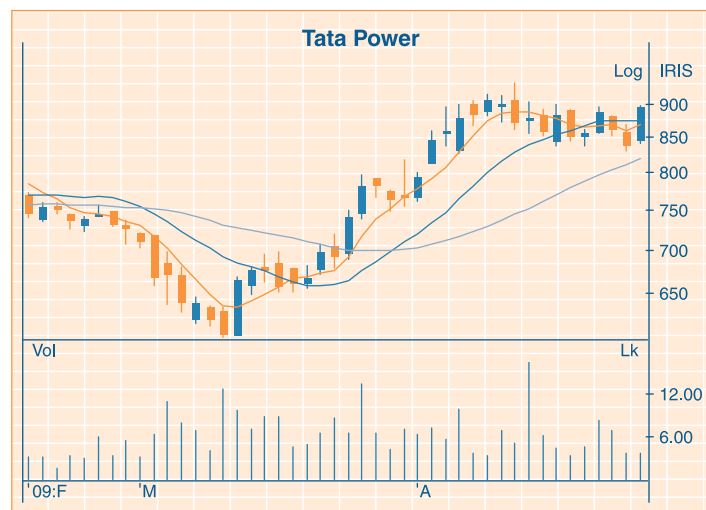
Stocks in No-Delivery period

Company	From	To
Birla Power	24-Apr-09	4-May-09
SBBJ	23-Apr-09	29-Apr-09

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Technical ideas

Tata Power **BUY**
CMP Rs897

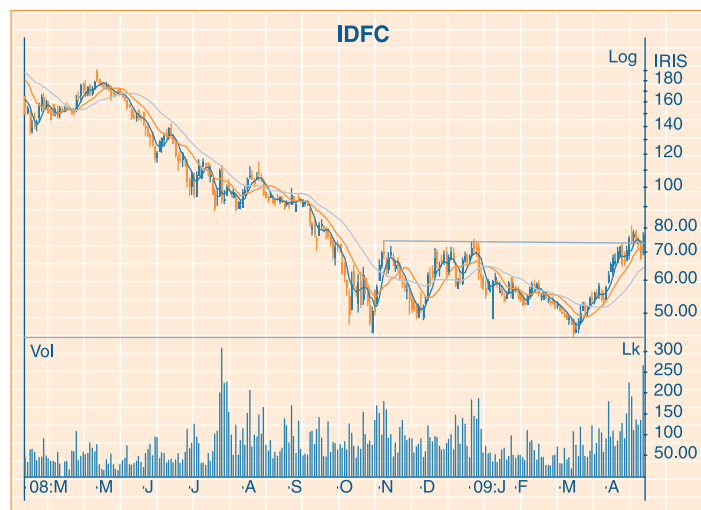


The stock has been consolidating in a range between the levels of Rs830-900 for last two weeks after recording a spectacular rally from the levels of Rs605 in second week of March 2009.

The stock is in intermediate uptrend and is stalling at the upper-end of the trading range, which is a bullish sign. The stock is witnessing strong accumulation at current levels, which suggest that it may eventually result into an upward breakout. A break above Rs900 could lead to a fresh directional move in the same direction.

The daily RSI is already in strong buy mode. The stock has closed above all its key daily moving averages. Keeping in mind the above-mentioned evidences, we recommend high risk traders to buy the stock between the range of Rs880-905 with a stop loss of Rs860 for target of Rs955 and Rs970.

IDFC **BUY**
CMP Rs77



IDFC is doing a balancing act around the 200-DMA. Technically, the 200-DMA levels are those above which bulls flourish and below which bears cherish.

On the daily chart (as seen above), the stock has been trading in a rising channel from a low of Rs44 in early March 2009. This indicates strong demand for the stock. In fact, a detailed study of the daily chart suggests that the stock has given a breakout past its 6 month resistance line with heavy volumes. In the same period, the stock made three attempts to break the resistance but failed. Even if it declines from the current levels the short-term moving averages should act as a strong support for the stock.

In our view, levels of Rs44-45 have proved to be a bottom for the stock. The rebound from the above levels is still in progress and further upside is in place. Technical charts are appearing interesting from a long term view. Short-term traders can buy the stock for a target of Rs87 and Rs90. It is advisable to maintain a stop loss of Rs70.

Positive open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Zee Ent.	2.6	36.5	26.9
Mphasis	3.3	36.1	6.7
Praj Ind	4.0	17.5	36.4
PNB	1.1	15.7	19.4
PFC	2.3	9.4	22.5

Negative open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Lupin	(0.4)	47.8	3.0
Ambuja cem	(0.3)	5.3	23.3
Ultratech cem	(1.0)	16.9	1.8
Reliance Power	(2.3)	7.9	95.1
India cem	(1.5)	5.8	19.5

Technically strong

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Godrej Cons	140	135	6.1	0.8
Financial Tech	706	675	5.0	4.4
Sun Pharma	1,278	1,208	5.4	3.7
Castrol	343	322	0.9	0.4
Bharti Airtel	753	708	78.1	53.9

Technically weak

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Hindalco	54	56	78.6	150.7
Divis Labs	854	906	2.6	2.2
Sun TV	184	193	2.5	2.0
Shree Cements	774	816	0.7	0.3
Videocon Inds	109	115	6.6	12.6

India Infoline Weekly Wrap

Mutual fund round-up

India Infoline picks

Mutual Funds	Assets	NAV	Absolute return (%) as on April 28, 2009							
	(Rs Cr)	(Rs)	1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
DSP-BR Top 100 Equity - RP (G)	1,090	56.7	1.4	10.6	13.0	16.5	(27.2)	(5.0)	8.6	147.8
ICICI Prudential Dynamic Fund	981	55.8	0.1	14.5	16.0	21.5	(29.4)	(16.9)	(6.3)	184.2
Kotak 30 (G)	611	60.0	1.2	9.7	11.4	13.5	(35.3)	(13.3)	(7.4)	122.7
Reliance Vision Fund (G)	2,281	146.6	(0.8)	11.0	14.4	14.6	(33.9)	(20.3)	(14.6)	123.5
Sundaram BNP Tax Saver (G)	521	25.4	1.7	13.6	10.6	10.2	(29.9)	(7.9)	(7.5)	184.5

Fund this week: DSP BlackRock Top 100 Equity Fund

Fund snapshot		Asset allocation (%)	
Fund Manager	Apoorva Shah	Equity	85.6
Latest NAV	Rs56.7	Debt	6.4
NAV 52 high/low	Rs78/46	Cash/call	8.0
Latest AUM	Rs1,090cr	Top 5 holdings (%)	
Type	Open-ended	TCS	5.5
Class	Equity - Diversified	Bank of Baroda	5.3
Options	Growth & dividend	HUL	5.0
Min investment	Rs5,000	Glaxo Pharma	4.8
Entry load	2.25%<Rs5cr	Bharti Airtel	4.0
Exit load	1%<Rs5cr<1yr	Top 3 sectors (%)	
Benchmark	BSE 100	Banks	15.6
No. of stocks	46	Oil & Gas	12.6
Expense ratio	2.1%	Pharma	9.1

NFO update

Fund Name	Close	Type	Class
ICICI Pru Target Return Funds	14-May	OE	Equity - Div

Dividend update

Mutual Fund	Dividend %	Record date	Class
UTI Fixed Term Income F	100.0	29-Apr	Debt - FMP
Reliance FHF IV Series - 7	100.0	29-Apr	Debt - FMP
Birla SL FTP Sr. AS & Sr	100.0	30-Apr	Debt - FMP

Commodity, debt and currency graphs



* As per previous close

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