

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened on a positive note. However, selling pressure at higher levels with concerns arising from a hike in domestic interest rates and worries that the government may raise short-term capital gains tax in the budget saw the index slip into negative zone. Selling re-emerged in late noon deals and the index slipped to a low of 14,230. The Sensex finally settled with a loss of 150 points at 14,253 while Nifty lost 58 points settling at 4,106.

The NSE cash volumes were slightly better compared to the previous day at INR 78 bn while the BSE cash volumes were lower at INR 38 bn. The F&O volumes were significantly higher compared to the previous day at INR 394 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 26-29% levels. The WPCR of Nifty Options decreased to 1.00 compared to the previous day while the 5 day average is 1.10. The February futures are now trading at 9 points premium. The Nifty Futures OI has increased by 2%.

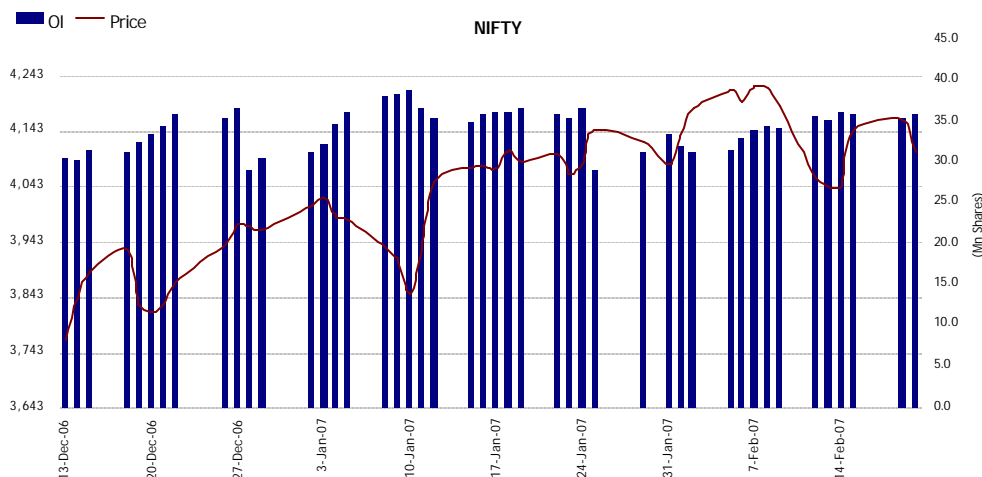
Outlook

We expect the market to remain volatile ahead of the expiry and the fiscal budget. Yesterday's fall was triggered by ONGC and the markets can take cues from the Bank of Japan's decision on the interest rates. However, we see limited downside from these levels with intraday volatility being observed till the budget.

The market wide rollovers at 41% marginally lower than the previous expiries. However Nifty rollover continues to see the shift in March at 48% on the second day of expiry week. The roll cost has been slightly lower at around 68 bps.

On Nifty rolls, we expect the pressure to continue from the short rollers and would thus advise short rollers to aggressively roll their positions at the current levels. Long rollers can see some contraction as the current levels might go up to 4 plus points.

Nifty has an immediate support at 4067 and believe the uptrend to continue until the Nifty sustains above this trend line support. Nifty will face an immediate resistance at 4160 followed by 4176.



February 21, 2007

Market Snapshot

	20-Feb	19-Feb	% Chg
Nifty	4107.0	4164.6	-1.4
Sensex	14253.4	14402.9	-1.0
BSE MidCap	5877.9	5951.0	-1.2
BSE SmallCap	7214.7	7316.9	-1.4

Mar Futures

Average ICC (p.a.)**	10.6%	10.7%	-1.2
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Volume (INR mn)

	20-Feb	19-Feb	% Chg
Futures	340,666	278,380	22.4
Call	31,901	30,098	6.0
Put	22,113	21,050	5.0
Total	394,680	329,527	19.8
NSE Cash Vol.	78,007	77,622	0.5
BSE Cash Vol.	38,855	42,173	-7.9

Open Interest (INR mn)

	20-Feb	19-Feb	% Chg
Futures	429,421	429,632	0.0
Call	102,897	99,899	3.0
Put	101,428	100,347	1.1
Total	633,745	629,879	0.6

Put Call Ratios

	20-Feb	19-Feb	% Chg
PCR	0.68	0.70	-2.8
WPCR	0.68	0.68	0.8
OI PCR	0.94	0.96	-1.7
Total OI / Volume	1.61	1.91	-16.0

Nifty IVs at 26 - 29% levels.

FII Activity* (INR Mn) (19-Feb)

Volume	Buy	Sell	Net
Cash	17,255	15,053	2,202
Index Futures	21,016	16,646	4,370
Stock Futures	24,094	22,928	1,166
Total	62,365	54,627	7,738

Open Interest

	19-Feb	15-Feb	% Chg
Index Futures	139,202	141,377	(1.5)
Stock Futures	185,653	186,707	(0.6)
Total F&O OI	403,920	407,660	(0.9)

Mutual Fund Activity* (INR Mn) (19-Feb)

Volume	Buy	Sell	Net
Equity	7,042	5,735	1,307

*FII & MF Data is reported a day late

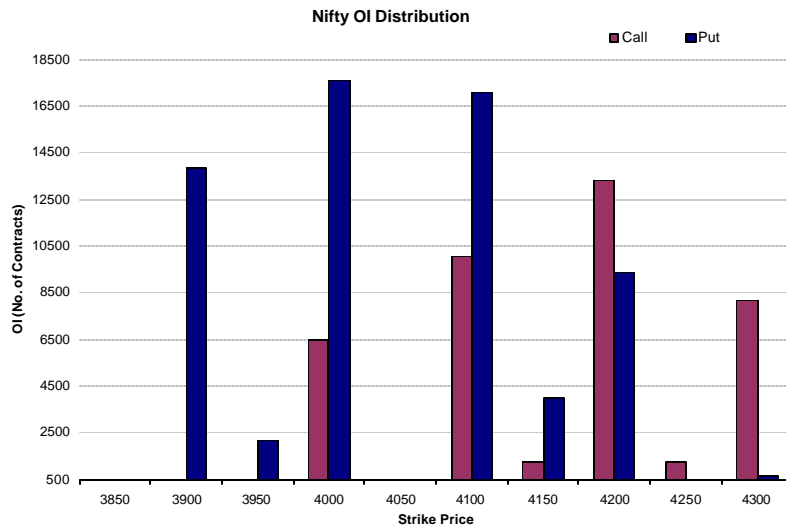
** Avg of positive ICC's

Pending Calls

Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
R Com	Buy	21-Feb-07	451.8	-	With TRAI backing the proposal for reduction in telecom levies and spectrum charges, we pick R Com as the major beneficiary and our best pick in the sector.
Suzlon	Buy	21-Feb-07	985.5	-	The stock has been battered out due to the bid for R E Power, however with Areva TNT outbidding Suzlon it doesn't seem like it will revise its bid. Since it looks like that the stock has bottomed out we initiate a buy.
Bhartiartl	Buy	12-Feb-07	791.4	5%	The stock was down 1% in line with weak markets. We expect a strong positive rub-off effect of the Hutch deal on the scrip. At current valuations it is at a discount to price that has been paid for Hutch, and hence the scrip should expect positive momentum
ABirlaNuvo	Buy	5-Feb-07	1308.9	3%	The stock closed on a flat note. With the Idea IPO open, we expect the stock to stay in good humor the company has a stake in Idea. We remain positive on the scrip.
HCLTech	Buy	19-Feb-07	693.6	3%	The stock closed on a marginal positive note on high volumes coupled with a 5% rise in OI. We remain positive on the scrip.
INDIACEM	Buy	15-Feb-07	195.0	2%	The stock was down more than 2% on low volumes. It is a good pick at current levels with not much buying even on the backdrop of other cement peers performing well coupled with the continued bullish tone in the cement sector.
ABB	Buy	19-Feb-07	3824.6	1%	The stock was down more than 2% on low volumes. The stock is looking good on the back of good results announced on last Friday. Also there is a news of stock split in the ratio of 5:1 which should keep the stock in good humor.
Satyamcomp	Buy	19-Feb-07	477.3	-2%	The stock was down about a percent on low volumes. We remain positive on the sector with Satyam as one of our best picks.
Hindlever	Closed Today	19-Feb-07	199.7	-3%	The stock pared gains and was down close to 3%. The company came out with its results yesterday which were in line with expectations. Also the stock has strong support at 196-98 levels.
Nagarfert	Closed Today	19-Feb-07	16.9	-5%	Normally it is seen that fertilizer stock see a run before the budget on expectations of favourable announcements for the agriculture sector. However we suggest squaring off long positions as the stock has hit the stop loss limit.

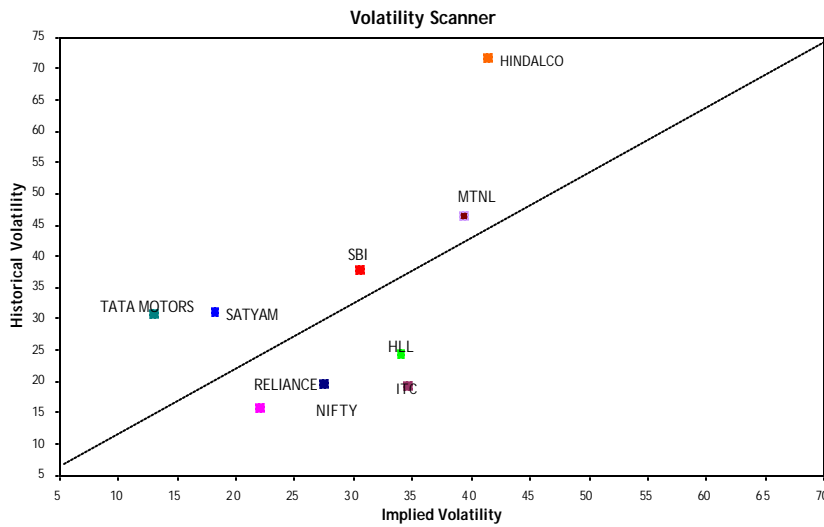
Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Cinemax	Buy	15-Feb-07	152.4	20-Feb-07	174.1	14%
Suzlon	Sell	29-Jan-07	1285.2	1-Feb-07	1142.4	13%
REL	Buy	31-Jan-07	505.7	8-Feb-07	558.8	11%
MphasisBFL	Buy	2-Feb-07	290.6	6-Feb-07	312.8	8%
AmtekAuto	Buy	6-Feb-07	377.3	8-Feb-07	404.4	7%
Nationalum	buy	24-Jan-07	221.1	5-Feb-07	237.0	7%
Suzlon	Sell	14-Feb-07	1098.9	20-Feb-07	1029.4	7%
ICICBank	Sell	14-Feb-07	955.9	19-Feb-07	948.5	1%



- Maximum OI was added to 4200 call [increase of 3%] and 4100 put [increase of 18%], 4000 put [increase of 7.8%]
- Maximum Volumes were witnessed by 4200 & 4300 Call and 4100 & 4000 Put.

Note :- Data given is for March options.



Nifty IVs at 26%-29% levels

High IVs

- Reliance IVs are quoting at 22% as against HV's of 16%
- ITC IVs are quoting at 35% as against HV's of 19%.
- HLL IV's are quoting at 34% as against HV's of 24%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Power	34929	32917	6.11%	-1.8%
Oil & Gas	96812	91619	5.67%	-0.4%
FMCG	47785	46312	3.18%	-1.6%
Cement	43855	42633	2.87%	-1.7%
Auto	55063	54141	1.70%	-1.7%
Telecom	64202	63389	1.28%	-1.9%
Engineering & Capital Goods	64832	64033	1.25%	-1.4%
Pharma	44050	43816	0.53%	-0.5%
IT	71231	71208	0.03%	-1.5%
Banking	92167	92153	0.02%	-1.6%
Textile	17606	17669	-0.36%	-1.4%
Chemicals	10794	10846	-0.48%	-2.3%
Construction	44490	44900	-0.91%	-2.6%
Metals & Mining	108733	111127	-2.15%	-0.1%

- Amongst all the sectors, the Construction sector was down the most. Parsvnath was down 5% followed by J P Associate and Sobha which lost 3% each.
- In the Chemicals space, Nagar Fert lost 4% while SRF pared 3%.
- In the Telecom space MTNL was down 3% while R Com saw some short build up as the price was doen 2% with a 3% rise in OI

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Suzlon	17	3,009	(4.4)	77
Grasim	14	590	(2.9)	43
Maharashtra Seamless	13	2,716	(0.0)	334
Praj Industries	12	5,129	(0.3)	95
IOB	11	1,351	(3.6)	(4)
Orchid Chemicals	11	4,094	0.0	33
RPL	11	42,468	2.6	698
GAIL	10	4,547	0.8	107

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Aban Offshore	(14)	401	(2.3)	(68)
Bata India	(11)	1,557	(2.2)	(46)
Bharat Earth Movers	(11)	295	(0.7)	11
Sterlite Ind.	(11)	8,678	1.4	(3)
UTI Bank	(9)	923	(2.9)	(17)
NDTV	(9)	3,533	(3.4)	(3)
CNX IT	(7)	9	(1.1)	3
IFCI Ltd	(6)	72,828	4.1	82

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Balrampur Chini	(4.9)	(2)	15,523	(22)
Parsvnath Developers	(4.8)	(1)	6,199	(17)
Suzlon	(4.4)	17	3,009	77
Nagarjuna Fertilizers	(4.2)	(0)	40,376	(15)
Karnataka Bank	(4.2)	6	2,735	60
IFCI Ltd	4.1	(6)	72,828	82
ZEE LTD	(4.1)	4	1,797	37
Shree Renuka Sugars	(3.9)	(1)	1,106	(18)

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
RPL	698	54,066	2.6	11
Maharashtra Seamless	334	2,926	(0.0)	13
REL	274	3,513	(2.8)	0
HLL	248	22,412	(2.7)	4
Allahabad Bank	245	1,235	(1.4)	2
Andhra Bank	209	2,645	(0.9)	1
Ballarpur Ind.	177	1,222	(2.2)	0
Colgate Palmolive	162	961	(1.6)	1

F&O CROSSOVER: -

Focus Stocks

o Positives: Polaris, Reliance, SCI, TCS, Tata Motors.

o Negatives: Nifty, ACC, GAIL, HLL, HPCL, Infosys, Satyam, SBI

Portfolio Tracker

20-Feb-07

Scrip	Reco	20-Feb-07 Score	19-Feb-07 Score	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Sell	(1)	(1)	14-Feb	4,047	4,107	6	-1.5%	4,249
ACC	Sell	(5)	(3)	19-Feb	1,016	1,014	1	0.2%	1,064
GAIL	Sell	(1)	1	20-Feb	295	295			310
HLL	Sell	(5)	(5)	29-Jan	215	200	22	7.1%	210
HPCL	Sell	(5)	(5)	29-Jan	314	288	22	8.5%	290
ICICI Bank	Neu**	(3)	(5)	19-Feb	980	969			
Infosys	Sell	(1)	(1)	15-Feb	2,383	2,360	5	1.0%	2,478
IPCL	Sell	(3)	(5)	13-Feb	263	267	7	-1.7%	276
Maruti	Sell	(3)	(3)	15-Feb	892	893	5	-0.1%	937
MTNL	Neu**	(1)	(3)	15-Feb	152	145			
NTPC	Neu**	(5)	(1)	15-Feb	142	142			
ONGC	Neu**	(1)	1	15-Feb	906	876			
Polaris	Buy	3	1	19-Feb	223	216	1	-3.2%	212
Reliance	Buy	1	1	19-Feb	1,421	1,415	1	-0.4%	1,350
Satyam	Sell	(1)	1	20-Feb	478	478			502
SBI	Sell	(3)	(1)	20-Feb	1,108	1,108			1,163
SCI	Buy	1	(1)	20-Feb	180	180			171
TCS	Buy	3	3	31-Jan	1,278	1,300	20	1.7%	1,244
Tata Motors	Buy	1	1	15-Feb	869	856	5	-1.5%	826
Tatasteel	Sell	(1)	(3)	31-Jan	465	444	20	4.4%	454

Buy/ Sell/ Neutral = 5/11/4

o GAIL moves into Sell Mode due to its Volume indicator turning Negative.

o Satyam moves into Sell Mode due to its PCR indicator turning Negative.

o SCI moves into Buy Mode due to its PCR indicator turning Positive. Sell Reco made a return of 5%

Trailing Stop Loss at 5% i.e. 5% below the peak price since the recommendation date in case of a Buy and 5% above the lowest price since recommendation date in case of a Sell. Once the stop loss is hit the recommendation will become neutral and will be reviewed only after 3 trading days. In the event of a whipsaw also the recommendation will become neutral and will remain so for a period of 3 days.

Blue Nos. indicate increase over last day, Red Nos. indicate decrease over last day

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RATING INTERPRETATION

Buy	Expected to appreciate more than 20% over a 12-month period	Reduce	Expected to depreciate up to 10% over a 12-month period
Accumulate	Expected to appreciate up to 20% over a 12-month period	Sell	Expected to depreciate more than 10% over a 12-month period
Trading Buy	Expected to appreciate more than 10% over a 45-day period	Trading Sell	Expected to depreciate more than 10% over a 45-day period

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