

## MARKETS TO MOVE IN A NARROW RANGE

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Markets exhibited a volatile trend for the second straight week. Both the benchmark indexes that is NIFTY and the SENSEX were highly volatile during the week as quarterly earnings and fund flows to India's biggest IPO kept investors on their toes. Eventually, the markets ended with marginal gains.

The Sensex touched a high of 20,332 and then dropped to a low of 19,822 only to bounce back strongly to a fresh weekly high of 20,352. The index eventually ended with a gain of 41 points at 20,166.

While among the major results, TCS beat market expectations Wipro failed to deliver in line with the expectations. Cement majors ACC and Ambuja Cement also reported lower earnings for the September quarter.

Meanwhile, India's largest IPO - Coal India - received an overwhelming response with over 15 times total subscription. FIIs alone had put in subscription of over Rs 1,00,000 crore to the mega issue.

Among the Sensex 30 stocks - TCS zoomed over 9% to Rs 1,040 riding on its 30% surge in Q2 net profit. Reliance and Cipla rallied nearly 4% each to Rs 1,081 and Rs 345, respectively. Hero Honda, Reliance Communications and Larsen & Toubro were the other major gainers.

On the other hand, Sterlite slumped nearly 6% to Rs 168. Metal stocks were seen under pressure on reports of China economy cooling off. Wipro tumbled over 5% to Rs 448 after the company reported 10% growth in Q2 net, which was lower than market expectations.

HDFC too shed nearly 5% to Rs 693. Jaiprakash Associates, Tata Steel, DLF and HDFC Bank were the other major losers this week.

According to data available with the Securities and Exchange Board of India (SEBI), foreign institutional investors bought scrips worth \$220.12 million Friday. For the month, FII fund inflows have touched almost \$5.8 billion and the yearly inflows have touched approximately \$24 billion.

For the short term, the technical view on the Nifty has turned negative as the higher-top higher-bottom formation on the daily chart has been violated. And until the NIFTY does not see a crossover of 6284 levels, the near term outlook for the markets will remain cautious

## CORPORATE NEWS

### **Suzlon Energy: Sumitomo to buy Co's Belgian unit.**

Belgium-based Hansen Transmissions, in which Suzlon Energy holds a 26% stake, will sell its industrial gearbox-making unit to Japan's Sumitomo Heavy Industries in an all-cash transaction. "The proposed transaction values Hansen Industrial Transmissions NV at e75 million (Rs 463 crore) on a cash and debt-free basis, before costs that will be incurred and borne by Hansen Transmissions in connection with the restructuring of HIT prior to completion of the proposed transaction," Hansen said in a statement. Proceeds from the deal would be used by Hansen to repay debt. Hansen said the sale of the industrial gearbox unit, called Industrial Transmissions NV, which accounts for almost 16% of the company's revenues, is aimed at streamlining operations in order to focus more on its core business of manufacturing wind gearbox. Hansen also plans to reduce its wind turbine gearbox manufacturing capacity by 1,100 mw, from 8,700 mw as on September 30, 2010, by discontinuing operations at its Edegem plant.

### **Videocon: Discovers natural gas in Mozambique**

Co said it has found natural gas in an exploration block in the Rovuma basin of Mozambique. Videocon is exploring the basin as part of a consortium with Anadarko Petroleum Corporation. "The Barquontine exploration well in the offshore Area 1 of Mozambique's Rovuma basin encountered more than 308 net feet of pay in Oligocenc sands, well also found an additional 108 net feet of natural gas pay in the Paleocene sands. Earlier the company had discovered 75 net feet of pay at the Windjammer discovery, located southwest of the current discovery. "With the Windjammer, and now Barquontine discoveries, the consortium has discovered a substantial natural gas resource. the consortium has begun designing an appraisal programme that will better delineate the Area I. The company is a 10 percent stake holder in the consortium which is exploring Area-1 of the Rovuma basin through its fully owned subsidiary Videocon Mozambique Rovuma 1 Limited.

### **Bajaj Auto: To hike vehicle production capacity to 50 lakh**

Co said it will increase its overall vehicle production capacity to 50 lakh units a year by the end of this fiscal. The company has three manufacturing plants at Waluj and Chakan in Maharashtra and Pantnagar in Uttarakhand and produces a total of 46 lakh units of two and three- wheelers annually. "Earlier this month, co has commissioned Plant II at Pantnagar facility taking the capacity to 15 lakh units of motorcycles per year from 12 lakhs. By March 31 next year, total capacity at the plant will reach 18 lakh units per annum, the company will be increasing production capacity of three-wheeler at its Waluj plant to 5 lakh units annually from the current 4.2 lakh units. The plant also produces bikes with a capacity of 15 lakh units per year. "Motorcycle capacity at Waluj will remain the same, adding there will not be any capacity hike at the Chakan plant, which has can produce 12 lakh units a year.

### **Hero Honda : US-based PE firms may team up to buy 18% in the co.**

Hero group is in advanced discussions with these three PE firms to sell 60-70% stake in a special purpose vehicle (SPV) to fund the acquisition of Honda's 26% shareholding—which at current market price is valued at around Rs 9,300 crore—in the joint venture company. According to discussions underway, the transaction is expected to be completed in two phases, with Hero buying out Honda's stake through the SPV in the first leg with bridge loans taken from banks. As this share sale will be between co-promoters of a listed company, it will not trigger market regulator Sebi's takeover code for a mandatory 20% open offer from shareholders. In the second leg, the private equity firms will buy shares of the SPV, and the funds raised from this purchase will be used to repay the bridge loans. If this two-legged transaction is concluded successfully, the Munjals will emerge as the largest shareholder in Hero Honda with a combined direct and indirect holding of 34-36% and the PE funds will own an indirect stake of up to 18%. Honda, on its part, will completely exit the joint venture and focus solely on its wholly-owned company, Honda Motorcycles and Scooters India (HMSI).

## CORPORATE NEWS

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### **GSPL: Wins rights for laying two gas pipelines**

The consortia, which also included Indian Oil, Hindustan Petroleum and Bharat Petroleum, beat Adani-Welspun combine to get rights of 1670-km Mehsana-Bhatinda (rpt) 1670-km Mehsana-Bhatinda line. The GSPL-led consortium bid lowest tariff for the two pipelines. While bids for the Mallavaram-Bhilwara pipeline were opened by oil regulator Petroleum and Natural Gas Regulatory Board (PNGRB), offers for Bhatinda-Jammu line were opened today. Both the pipelines will cost Rs 6,000 crore each. GSPL, which currently has its gas grid network only within Gujarat, holds 52 per cent interest in the consortia, IOC has 26 per cent while HPCL and BPCL have 11 per cent each. Co said the Mallavaram-Bhilwara pipeline, which will have a capacity to carry 42 million standard cubic meters of gas per day, is likely to transport gas from eastern offshore fields belonging to Reliance Industries and Gujarat State Petroleum Corp (GSPC). GAIL did not bid for Bhatinda-Jammu-Srinagar pipeline. PNGRB had invited bids for four cross-country natural gas pipelines - 1,600 km Masllavaram-Bhilwara, 1,670-km Mehsana-Bhatinda and 740-km Bhatinda-Jammu-Srinagar. The bids for Mehsana-Bhatinda pipeline would be opened on October 29. Bids for the 1,680 km Surat-Paradip lines will be invited later



**MARKET INDICATORS**

Indices	22.10.10	15.10.10	Chg (Pts)	%Chg
NIFTY	6066.05	6062.65	3.40	0.06
SENSEX	20165.86	20125.05	40.81	0.20
BSEMIDCAP	8425.80	8311.66	114.14	1.37
BSESMLCAP	10723.70	10629.65	94.05	0.88
BSE-100	10744.28	10726.32	17.96	0.17
BSE-200	2568.74	2558.95	9.79	0.38
BSE-500	8119.06	8086.35	32.71	0.40
BSE IPO	2213.87	2190.21	23.66	1.08

**SECTORAL INDICES**

Indices	22.10.10	15.10.10	Chg (Pts)	%Chg
BSE HEALTH CARE	6481.52	6302.02	179.50	2.85
BSE OIL&GAS	10980.52	10692.64	287.88	2.69
BSE CAP GOODS	16077.71	15904.64	173.07	1.09
BSE PSU	10436.30	10332.43	103.87	1.01
BSE IT	6133.06	6075.17	57.89	0.95
BSE TECK	3766.06	3738.66	27.40	0.73
BSE FMCG	3630.30	3607.51	22.79	0.63
BSE BANKEX	14116.24	14048.89	67.35	0.48
BSE POWER	3230.95	3231.57	-0.62	-0.02
BSE AUTO	9729.48	9751.91	-22.43	-0.23
BSE CONS DURA	6310.84	6366.08	-55.24	-0.87
BSE REALTY	3796.54	3881.20	-84.66	-2.18
BSE METAL	17022.52	17493.39	-470.87	-2.69

**WEEKLY SENSEX GAINERS & LOSERS**

Top Gainers			Top Losers		
Company	Price	Gain%	Company	Price	Loss%
TCS	1040.10	9.37	STERLITE	168.20	-5.80
SUN PHARMA	2134.10	4.69	WIPRO	448.40	-5.30
RELIANCE	1081.45	3.90	HDFC	692.95	-4.66
HERO HONDA	1855.10	2.92	JP ASSO	125.75	-3.79
RCOM	179.00	1.88	TATA STEEL	617.40	-2.93

**WEEKLY: A - GROUP GAINERS & LOSERS**

Top Gainers			Top Losers		
Company	Price	Gain%	Company	Price	Loss%
PIPAVAVSHIP	92.70	20.86	SESA GOA	342.90	-8.00
CENTRAL BK	228.10	15.82	M&M FINANSER	654.40	-7.69
INDIABULLS	210.95	14.80	APOLLO TYRES	76.20	-6.62
CANARA BANK	731.55	13.80	UNITECH LTD	88.50	-6.10
BIOCON LTD.	444.60	11.41	STERLITE IN	168.20	-5.80

**ADVANCE - DECLINE**

BSE 30 Companies	
Positive	13
Negative	17
Unchanged	0
Total	30

A GROUP COMPANIES	
Positive	107
Negative	93
Unchanged	0
Total	200

**WORLD INDICES**

Index	22.10.10	15.10.10	Chg(Pts)	% Chg
<b>NIFTY</b>	6066.05	6062.65	3.40	0.06
<b>SENSEX</b>	20165.86	20125.05	40.81	0.20
<b>DJIA</b>	11132.56	11062.78	69.78	0.63
<b>NASDAQ</b>	2479.39	2468.77	10.62	0.43
<b>FTSE</b>	5741.37	5703.37	38.00	0.67
<b>NIKKEI</b>	9426.71	9500.25	-73.54	-0.77
<b>BOVESPA</b>	69529.73	71830.18	-2300.45	-3.20
<b>SHANGHAI</b>	2975.04	2971.16	3.88	0.13
<b>KOSPI</b>	1897.31	1902.29	-4.98	-0.26
<b>HANG SENG</b>	23517.54	23757.63	-240.09	-1.01
<b>STRAITS TIMES</b>	3173.57	3204.27	-30.70	-0.96

**BSE 200 GROUP**

Scripts	CMP(Rs)	Weekly % Chg
<b>Gainers</b>		
IB FINANCE	210.95	14.80
CANARA BANK	731.55	13.80
BIOCON	444.60	11.41
PTC	137.20	11.00
EDELWEISS	64.90	10.56
<b>Losers</b>		
SESA GOA	342.90	-8.00
CHAMBAL FERT	86.90	-6.51
UNITECH	88.50	-6.10
STERLITE	168.20	-5.80
AREVA T&D	296.05	-5.55

**US LISTINGS**

Scripts	Close (\$)	Weekly % Chg
<b>NYSE</b>		
Dr Reddy	36.82	1.38
HDFC Bank	176.45	-4.58
ICICI Bank	51.18	-0.21
MTNL	3.05	3.39
Patni	20.90	-1.23
Satyam	3.75	0.00
SLT	15.27	-5.62
Tata Motors	27.95	2.91
TCL	14.24	-5.82
WIPRO	15.41	-7.17
<b>NASDAQ</b>		
Infosys	67.96	-0.95

**SHORT TERM VIEW TURNS NEGATIVE**

The important development of the week clearly was the violation of the higher-top higher-bottom formation on daily chart, which was in place since 28th May. Since this date till very recently, Nifty maintained a nice higher-top higher-bottom formation and never closed below the immediate previous bottom on the daily chart. This, four and a half month long formation got broken this week when Nifty closed below the immediate previous bottom of 6057 on Tuesday. Subsequently the benchmark touched a low of 5966 on Wednesday but recovered sharply on Thursday. On Friday, after touching a high of 6121 in the opening trade, the benchmark lost nearly a percent to finally settle at 6066, gaining 3 points on weekly basis.

The short term view on the Nifty has turned negative as the higher-top higher-bottom formation on the daily chart has been violated. After making a lower bottom at 5966, it is possible that the subsequent rise till 6121 is the formation of a lower top which would have bearish implications in the short term. So, unless we see a crossover of 6284, which is the immediate previous top as shown in the chart below, the near term outlook will remain cautious. Violation of the bullish formation has opened up the possibility of the bigger retracement of the whole up move from the bottom of 5348 made on 31st August 2010 to the top of 6284. The 38.2%, 50% and 61.8% retracement levels of this rally come to 5926, 5816 and 5706 respectively and would serve as the support levels on the downside. The upward sloping trend line adjoining tops of October 2009 and January 2010 presents good support around 5840 as shown in the weekly chart below. However, it is worth mentioning that the medium as well as long term trend continues to be up. In light of the above observations, traders are advised to stay light and wait for resumption of the higher-top higher-bottom formation for taking fresh trading long positions while investors should accumulate good stocks on every decline.





**SUPPORT-RESISTANCE LEVELS FOR FORTHCOMING WEEK (Next Week)**

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
ACC	983.55	974.23	1008.32	1033.08	949.47	915.38
AMBUJACEM	139.50	139.27	144.23	148.97	134.53	129.57
AXISBANK	1464.00	1468.28	1509.57	1555.13	1422.72	1381.43
BAJAJ-AUTO	1486.55	1505.40	1535.65	1584.75	1456.30	1426.05
BHARTIARTL	333.45	331.35	343.90	354.35	320.90	308.35
BHEL	2526.10	2523.77	2561.33	2596.57	2488.53	2450.97
BPCL	719.50	713.85	732.65	745.80	700.70	681.90
CAIRN	334.75	337.42	340.83	346.92	331.33	327.92
CIPLA	344.35	338.85	354.20	364.05	329.00	313.65
DLF	363.40	368.28	376.47	389.53	355.22	347.03
DRREDDY	1609.50	1609.53	1644.97	1680.43	1574.07	1538.63
GAIL	504.45	504.92	519.78	535.12	489.58	474.72
HCLTECH	416.85	426.02	438.83	460.82	404.03	391.22
HDFC	691.95	713.50	741.95	791.95	663.50	635.05
HDFCBANK	2326.65	2394.40	2472.15	2617.65	2248.90	2171.15
HEROHONDA	1853.95	1839.32	1885.63	1917.32	1807.63	1761.32
HINDALCO	211.90	212.00	222.80	233.70	201.10	190.30
HINDUNILVR	301.25	300.25	309.40	317.55	292.10	282.95
ICICIBANK	1131.85	1126.77	1159.48	1187.12	1099.13	1066.42
IDFC	200.85	202.02	207.68	214.52	195.18	189.52
INFOSYSTCH	3053.15	3050.72	3121.33	3189.52	2982.53	2911.92
ITC	171.20	171.10	175.10	179.00	167.20	163.20
JINDALSTEL	705.75	709.35	723.40	741.05	691.70	677.65
JPASSOCIAT	125.80	127.25	129.45	133.10	123.60	121.40
KOTAKBANK	494.45	500.63	510.67	526.88	484.42	474.38
LT	2019.35	1998.82	2069.53	2119.72	1948.63	1877.92
M&M	701.60	704.53	721.07	740.53	685.07	668.53
MARUTI	1503.30	1503.12	1525.18	1547.07	1481.23	1459.17
NTPC	204.00	204.68	207.32	210.63	201.37	198.73
ONGC	1343.85	1346.25	1372.00	1400.15	1318.10	1292.35
PNB	1332.35	1316.18	1351.17	1369.98	1297.37	1262.38
POWERGRID	106.90	106.48	109.22	111.53	104.17	101.43
RANBAXY	605.45	594.45	619.90	634.35	580.00	554.55
RCOM	179.15	177.63	182.92	186.68	173.87	168.58
RELCAPITAL	821.20	829.25	839.65	858.10	810.80	800.40
RELIANCE	1081.80	1069.62	1105.98	1130.17	1045.43	1009.07
RELINFRA	1053.00	1072.78	1098.22	1143.43	1027.57	1002.13
RPOWER	159.80	159.80	163.00	166.20	156.60	153.40
SAIL	219.35	219.65	225.00	230.65	214.00	208.65
SBIN	3206.20	3168.07	3260.13	3314.07	3114.13	3022.07
SESAGOA	342.15	354.52	368.48	394.82	328.18	314.22
SIEMENS	837.65	823.55	855.10	872.55	806.10	774.55
STER	168.20	171.78	176.72	185.23	163.27	158.33
SUNPHARMA	2139.80	2099.95	2184.85	2229.90	2054.90	1970.00
SUZLON	59.55	58.90	61.55	63.55	56.90	54.25
TATAMOTORS	1148.85	1156.37	1180.48	1212.12	1124.73	1100.62
TATAPOWER	1428.30	1414.67	1457.33	1486.37	1385.63	1342.97
TATASTEEL	617.50	628.17	642.23	666.97	603.43	589.37
TCS	1040.20	1006.53	1083.07	1125.93	963.67	887.13
WIPRO	448.90	456.67	469.18	489.47	436.38	423.87

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