



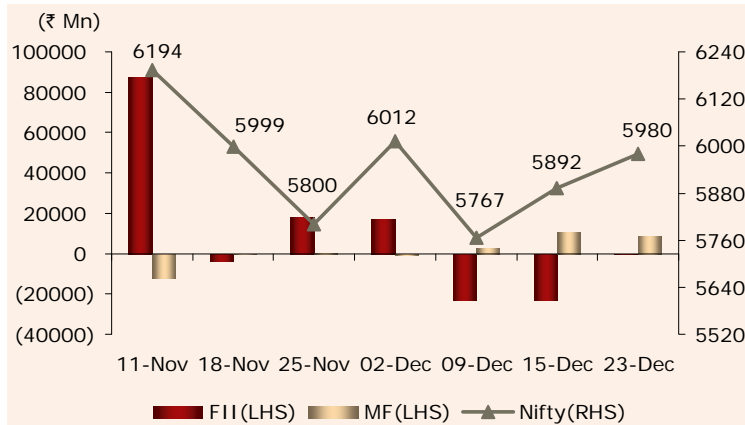
Index

	Page No.		Page No.
• Corporate News	2	• Industrial Production	6
• Macro Economic News	2	• Consumer Durables	6
• Global Sector Performance	3	• Capital Goods	6
• Nifty Index Forward Multiples	3	• Derivatives Corner	7-9
• Global Indices	4	• Outlook	10
• Government Bond	5	• Event Calendar	10

Major Event of the Week

JSW Steel acquired 41.3% stake of Ispat Industries.

Nifty & Institutional Flow



Source: NSE
Note: As per Thursday closing

Top Nifty Movers Shakers

Hero Honda 14.8% ↑	RCOM 10.1% ↑	Sterlite 7.2% ↑	Hindalco Ind 6.9% ↑
Sun Pharma 5.2% ↑	Ranbaxy Lab 4.8% ↑	Siemens 4.2% ↑	Jindal Steel & Power 4.1% ↑
BPCL (3.9%) ↓	Tata Motors (3%) ↓	Kotak Mah Bank (2.9%) ↓	ONGC (2.6%) ↓
Reliance Infra (1.7%) ↓	Larsen & Toubro (1.2%) ↓	Jaiprakash Assoc (1.1%) ↓	BHEL (1%) ↓

Source: NSE

Developed Equity Markets	Last Close	% Change	
		WTD	YTD
U.S. (S&P)*	1,257	1.0	12.7
UK (FTSE)*	5,983	1.9	10.5
Japan (Nikkei 225)	10,279	(0.2)	(2.5)

BRIC Equity Markets

India (Sensex)	20,074	1.1	14.9
India (Nifty)	6,012	1.1	15.6
China (Shanghai)	2,835	(2.0)	(13.5)
Russia (Micex)*	1,680	0.8	22.6
Brazil (Ibov)*	68,486	0.7	(0.1)

Asian Equity Markets

Hong Kong (HSI)	22,834	0.5	4.4
Singapore (Straits)	3,144	(0.3)	8.5
Korea (Kospi)	2,030	0.2	20.6

BSE Sector

	Last Close	% Change	
		WTD	YTD
BSE Mid Cap	7,627	0.8	13.5
BSE Small Cap	9,354	1.9	11.9
Auto	10,017	1.3	34.7
Bankex	13,016	0.4	29.8
Capital Goods	15,196	(0.9)	7.6
Power	2,933	0.1	(8.0)
Realty	2,765	(0.2)	(28.3)
Technology	3,962	1.6	20.9
FMCG	3,585	1.2	28.4
Metal	17,274	3.9	(0.7)

Institutional Activity

	Spot market		
	WTD	MTD	YTD
FII (Rs bn)*	(0.5)	(25.5)	1,282.0
MF (Rs bn)*	8.7	18.0	(271.5)

Commodities Update

	Unit	Close	% Change	
			WTD	YTD
Crude Oil(NYME)**	\$/Bbl	92	4.0	15.3
Gold(OTC)**	\$/Oz	1,383	0.6	26.1
Silver(OTC)**	\$/Oz	29	0.6	73.8
Copper(LME)**	\$/MT	9,349	2.6	27.3
Aluminum(LME)**	\$/MT	2,423	4.4	10.3
Sugar(LIFFE)**	\$/MT	820	2.8	42.7

Currency

	Close	% Change	
		WTD	YTD
INR/USD**	45.1	0.5	3.1
USD/EURO**	1.3	0.6	9.2
USD/JPY**	83.0	1.2	12.1

* As per Thursday closing
** As per Friday 16:30 hrs IST
Source: Bloomberg



Top Corporate News during the week

DoT may seek law min's view on additional spectrum fee above 6.2 Mhz; Negative for Bharti Airtel and Idea

The telecom ministry may seek law ministry's opinion on charging a fee for all the airwaves GSM telecos hold beyond the 6.2 Mhz. Additional allocations over 6.2 MHz to incumbent GSM operators have been one of the spectrum controversies over the last three years. India's national auditor, in its report, submitted in Parliament last month, said loss to the exchequer due to allocation of airwaves beyond the contracted amount to nine GSM players – Aircel, Bharti, BPL (Mumbai), BSNL, Idea, MTNL, Reliance, Spice (Punjab) and Vodafone was ₹ 25.6bn, 'based on the amount charged from CDMA operators for grant of GSM spectrum in 2007'. The Comptroller and Auditor General of India (CAG) in its report also added that going by Trai's proposals, the loss to the exchequer was ₹ 369bn. If it is approved, it will be negative for established players like Bharti & Idea.

Tata Chem's UK arm, Brunner Mond, acquires British Salt for ₹ 6.5 bn – Will lead to backward integration for Soda Ash manufacturing and commanding position in UK's processed food market; Positive in medium to long term

Tata Chemicals' wholly-owned UK arm, Brunner Mond, has acquired UK's leading pure dried vacuum salt manufacturer British Salt for ₹ 6.5 bn (£93 million). According to the management, the deal would be funded entirely through debt by Brunner Mond and is expected to be completed in 30-35 days pending approval from Irish Merger Control authority. The company has an option to pay £3 million in three years after achieving certain financial parameters. British Salt also owns brine wells in the UK with a residual life of 50 years. The acquisition will not only help Brunner Mond strengthen its presence in the processed food market but also secure salt supply, an important raw material for producing soda ash. At present, Brunner Mond has a salt supply contract with another leading manufacturer Ineos till 2016. The vacuum salt business commands an EBITDA of £15 million. The synergies between Brunner Mond and British Salt are likely to result in an EBITDA improvement of £2 million a year. The deal will help maintain Brunner Mond's low-cost base and will bring down costs to £0.72 per cubic metre of salt. British Salt produces 720,000 tonnes of raw salt of which 390,000 tonnes are converted into pure dried vacuum salt. It enjoys a market share of 50% in the food and farm sectors in the UK. Brunner Mond, which has an annual turnover of £35 million, has negotiated a competitive interest rate of LIBOR plus 3% on its £150-million debt. We believe the acquisition is positive in medium to long term for Tata Chemical as the acquisition will lead to backward integration for Soda Ash manufacturing and will give commanding position in UK's processed food market.

JSW to acquire 41.3% of Ispat Industries for ₹21.6bn (Long term positive for JSW Steel)

JSW Steel has entered into an agreement to purchase 41.3% stake in Ispat Industries for ₹21.6bn. This will provide JSW Steel with 3.3mn tonnes of steel capacity, taking its total steel capacity to 14.3mn tonnes by end of FY11. JSW Steel plans to make the loss-making Ispat Industries, ridden with high debt, profitable by refinancing its high cost debt, help it to implement capex plans to achieve cost savings through captive power, coke and pellet.

Aviation sector records 26% growth y-o-y in November; positive in short term.

The number of flyers in the domestic market jumped ~ 6% m-o-m in November to 4.9mn. On a y-o-y basis, it translates into a growth of 26.7% from 3.8mn. As per the ministry data, the seat factors of airlines ranged between 70% and 90% with IndiGo recording the highest at 91%, SpiceJet had the second highest at 87.5%, while Kingfisher Airlines came third with 86.7% occupancy. Jet Airways and JetLite maintained lead in the domestic market with a share of 26.2%, which was unchanged from October. Kingfisher Airlines increased its market share by one% point to 19.1% while Spice Jet lost three % points and Go Air gained three% points. The news is positive for the airline industry in the short term; however despite the growth in passenger numbers, the industry is not expecting yields to firm up on account of stiff competition coupled with climbing ATF (aviation turbine fuel) prices, which is up by 35%y-o-y.

Macro Economy & Other News

Domestic

Food inflation back in double digits

The wholesale food inflation reached double-digit levels at 12.13% for the week ended 11-Dec, the highest in six weeks primarily due to the rise of prices of vegetables and other perishables. Fuel inflation also rose marginally to 10.74% from 10.67% in the previous week

EGOM likely to meet on Dec 30 to consider diesel, LPG hike

An Empowered Group of Ministers is likely to meet on Dec 30 to consider hike in diesel and domestic LPG prices. This comes in the wake of crude oil prices ruling at a 2-Yr high of \$ 93.59 per bl and widening the gap between retail fuel price and their cost.

Direct tax collection reaches close to ₹ 3 lakh cr mark

The government's kitty swelled by 18% to around ₹ 3 lakh Cr from direct taxes till the mid of this month in the current fiscal, driven by robust corporate tax payments, including from advance tax. The net direct tax collection stood at ₹ 2.96 lakh Cr from April 1 to Dec 15 this year. In the Budget, the govt. had targeted to collect ₹ 4.30 lakh Cr from direct tax for the current fiscal.

International

U.S. GDP Grew Less than Forecast

The U.S. economy grew less than forecast in the Q3 and inflation unexpectedly cooled. The GDP increased at an annual rate of 2.6% in the Q3 compared to the previously reported 2.5% growth. Consumer spending increased by 2.4%, downward revision from the 2.8% growth reported last month.

US Consumer spending revised upward, Jobless Claims dips

US jobless claims benefits dipped last week and consumer spending increased in Nov for a fifth straight month reinforcing views of a solid economic growth pace in the fourth quarter. Consumer sentiment was upwardly revised to 74.5 from the mid-month reading of 74.2. Initial jobless claims fell 3,000 to a seasonally adjusted 420,000. The previous week's figure was revised slightly higher to 423,000 from the 420,000 initially reported.

Japan's Export Growth Accelerated in November

Japan's export growth accelerated for the first time in nine months as a rebound in global demand helped the nation's economy withstand the yen's advance to a 15- year high. Overseas shipments rose 9.1% in Nov on YoY from Oct's 7.8% gain. The country has posted a trade surplus of 162.8 bn yen in Nov following the downwardly revised surplus of 821.3 bn yen in Oct.

Source: Economic Times, Business Line, Business Standard, Times of India, DNA Money, Mint, Financial Express, Bloomberg

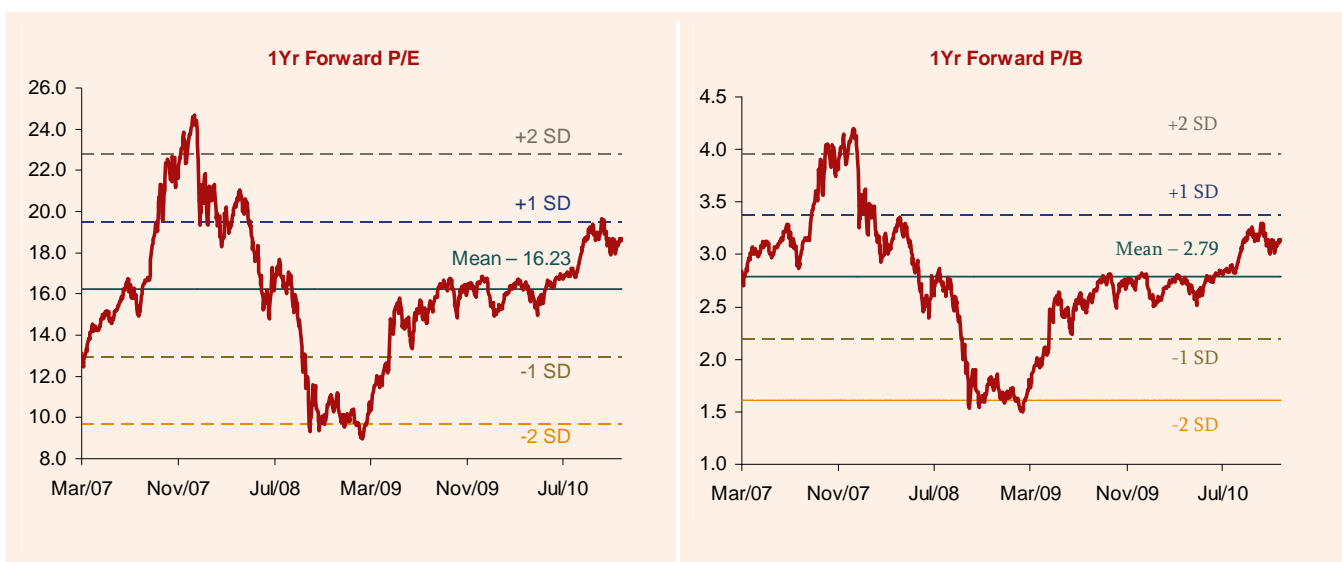


Global Equity Indices & Sectoral Performance

Developed		Index value	Index Return	Technology	Basic Materials	Financials	Telecom	Industrials	Utilities	Oil & Gas	Health Care	Consumer Goods
				%	%	%	%	%	%	%	%	%
US	DOW	11573	0.71	0.15	2.04	3.26	0.65	1.43	---	1.51	0.26	0.79
UK	FTSE	5980	1.84	5.27	3.84	1.11	3.01	1.51	2.92	2.11	-2.23	2.53
GERMANY	DAX	7058	1.08	2.42	0.58	0.05	-1.56	1.08	1.43	---	-0.2	0.36
FRANCE	CAC	3896	0.75	0.97	-0.24	-0.89	-0.03	0.82	0.93	1.73	0.42	1.73
JAPAN	NIKKEI	10279	-0.24	1.76	0.79	3.19	0.54	-0.63	-0.41	-0.23	0.07	-0.34
BRIC												
BRAZIL	BOVESPA	68486	0.74	---	0.39	2.51	2.1	1.1	1.2	1.93	---	4.13
RUSSIA	MICEX	1676	0.57	---	1.43	0.62	1.87	---	1.43	1.87	---	---
INDIA	NIFTY	6012	1.06	1.27	2.44	0.38	-0.29	-0.46	-1.2	0.2	-0.06	1.31
CHINA	SANGHAI	2835	-2.02	-3.25	-0.89	-0.92	-2.17	-1.24	-2.01	-1.6	-5.13	-3.44
Asian												
HONG KONG	H S I	22834	0.52	-0.33	4.33	0.48	0.37	2.7	0.44	3.34	---	1.83
KOREA	KOSPI	2030	0.16	1.93	1.5	2.4	0.16	0.86	3.87	6.04	0.97	0.04
SINGAPORE	STRAITS	3144	-0.29	---	---	0.28	0.44	1.23	---	0.89	---	-4.25
TAIWAN	TWSE	8861	0.49	0.58	0.63	2.31	1.91	1.69	0.5	4.59	-4.08	0.3

Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

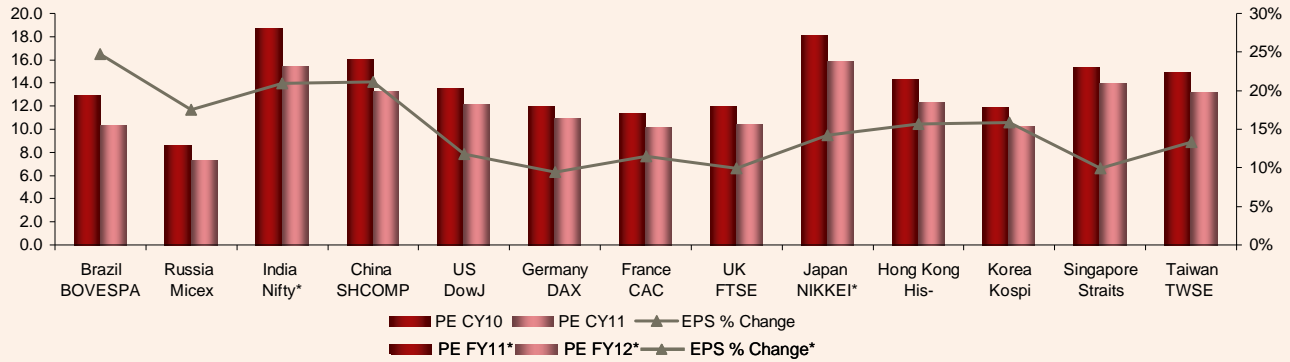
Nifty Relative Valuation Metrics (1 Year Forward)



Source: NSE, ABML Research

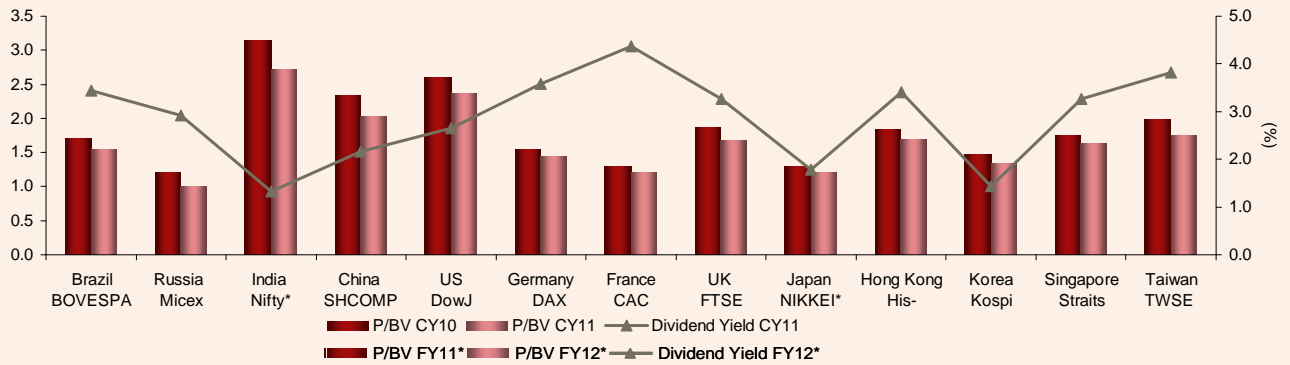


Global Indices Forward P/E



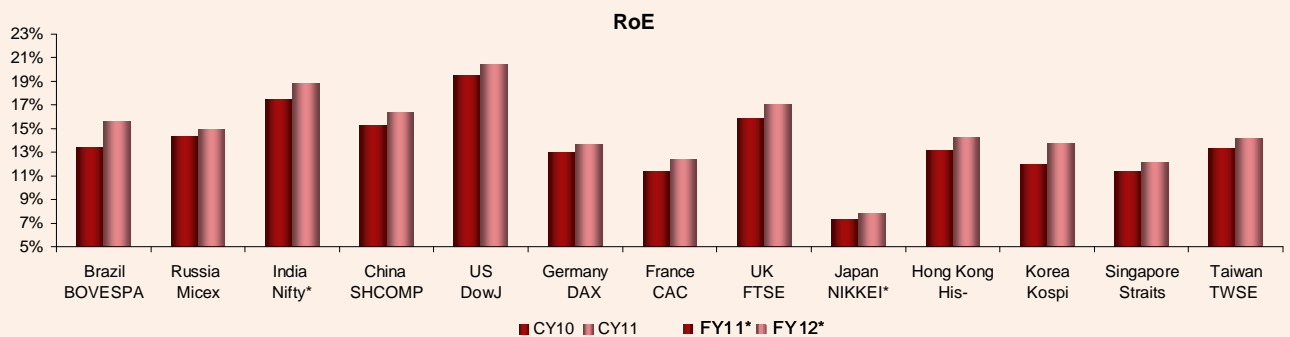
Source: Bloomberg, ABML Research
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Global Indices Forward P/BV



Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

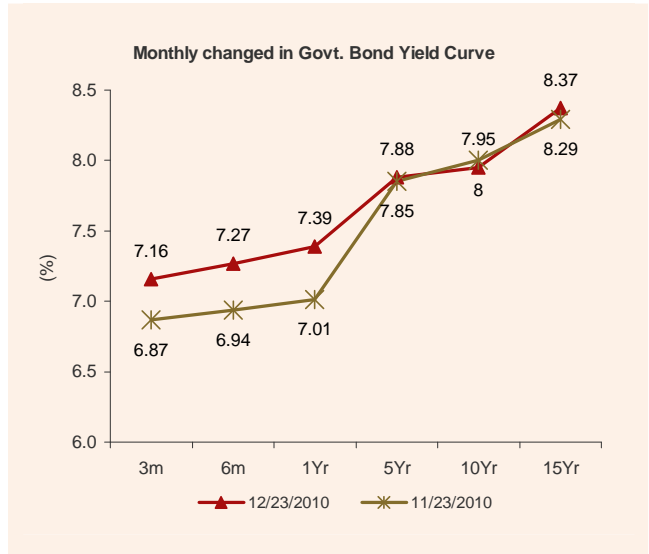
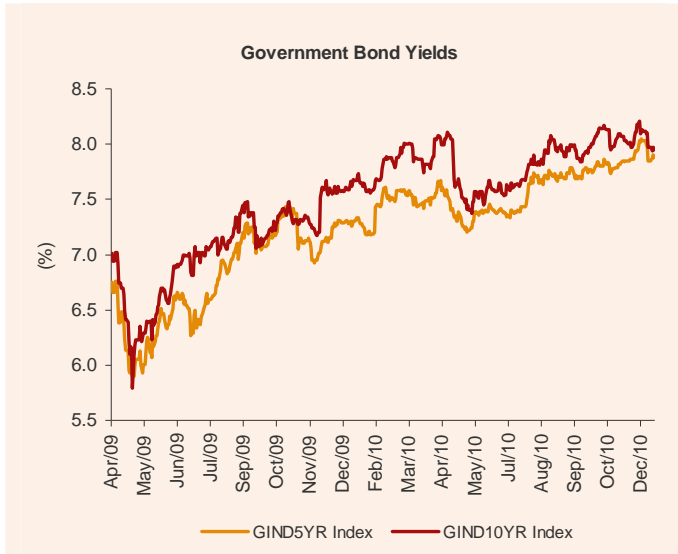
Global Indices RoE



Source: Bloomberg, ABML Research
Note: As per Friday 16:30 hrs IST

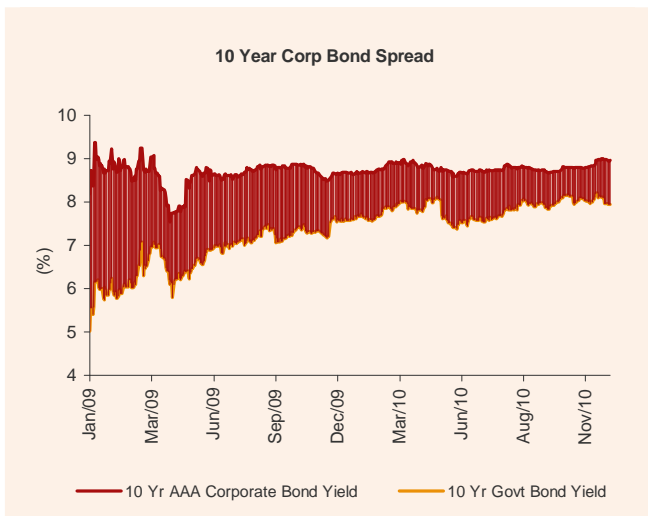
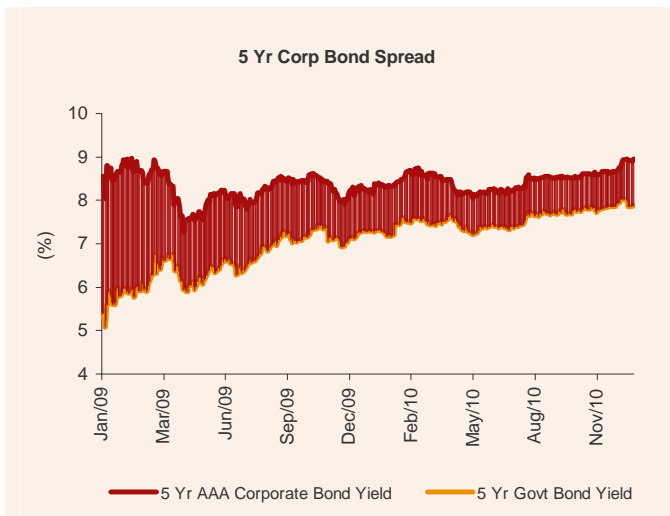


Government Bond Yield (India)



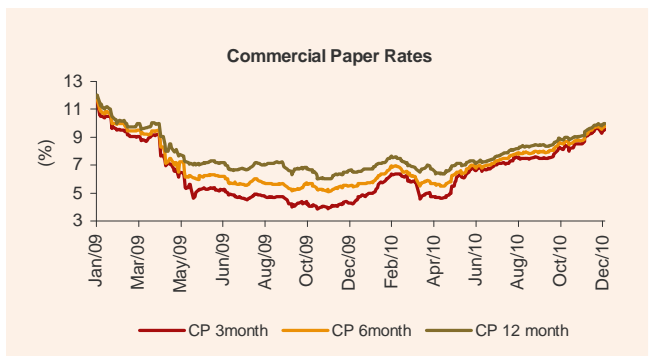
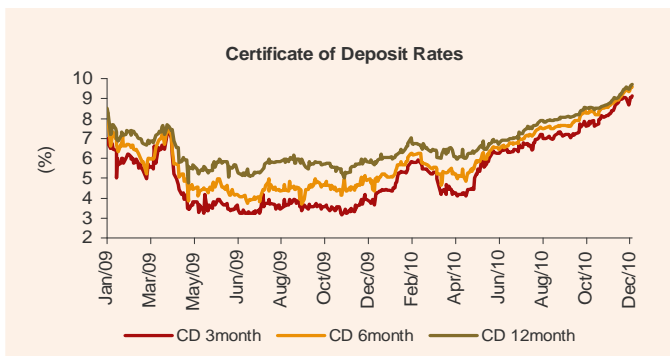
Source: Bloomberg, ABML Research

G-sec – AAA Corporate Bond — Spread (India)



Source: Bloomberg, ABML Research

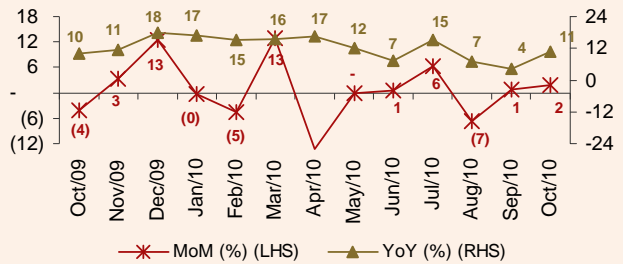
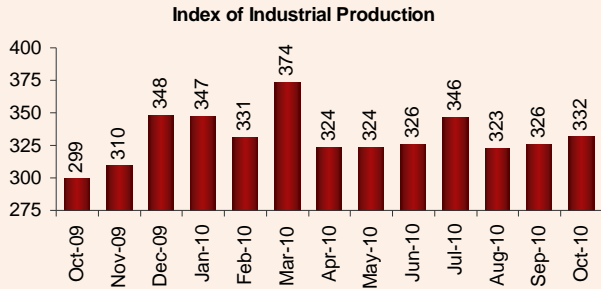
CD & CP Rates Movement



Source: Bloomberg, ABML Research

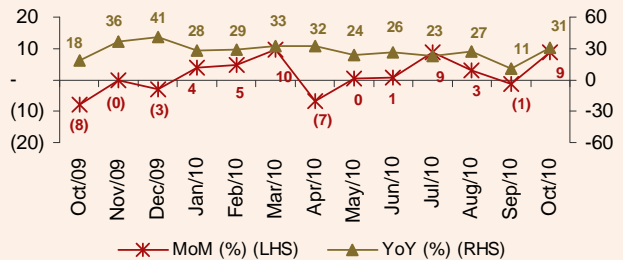
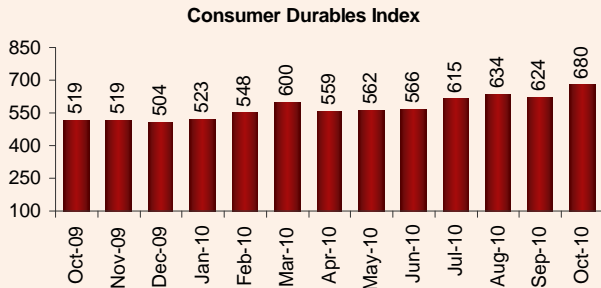


Index of Industrial Production



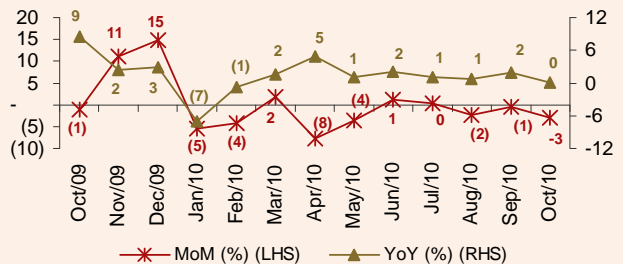
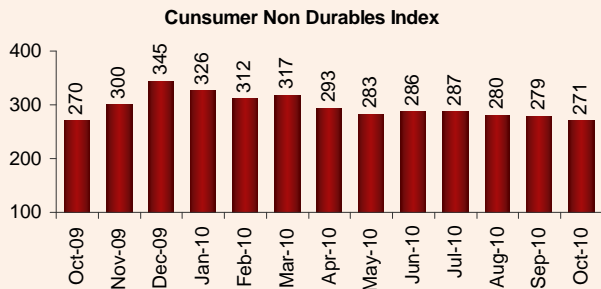
Source: Bloomberg, ABML Research

Consumer Durables



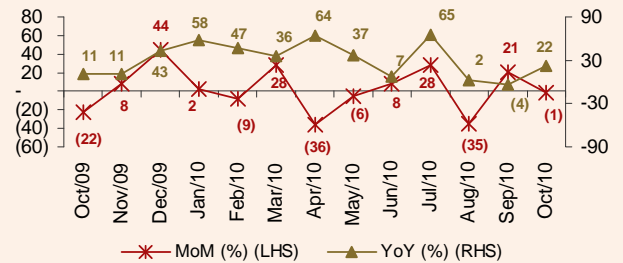
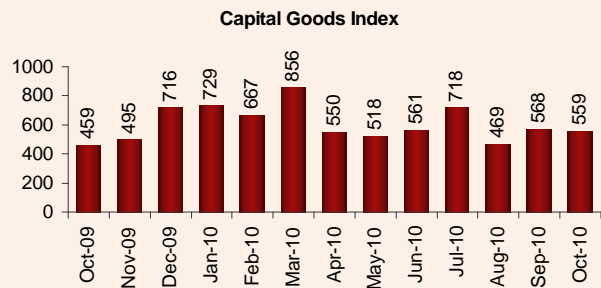
Source: Bloomberg, ABML Research

Consumer Non Durables



Source: Bloomberg, ABML Research

Capital Goods

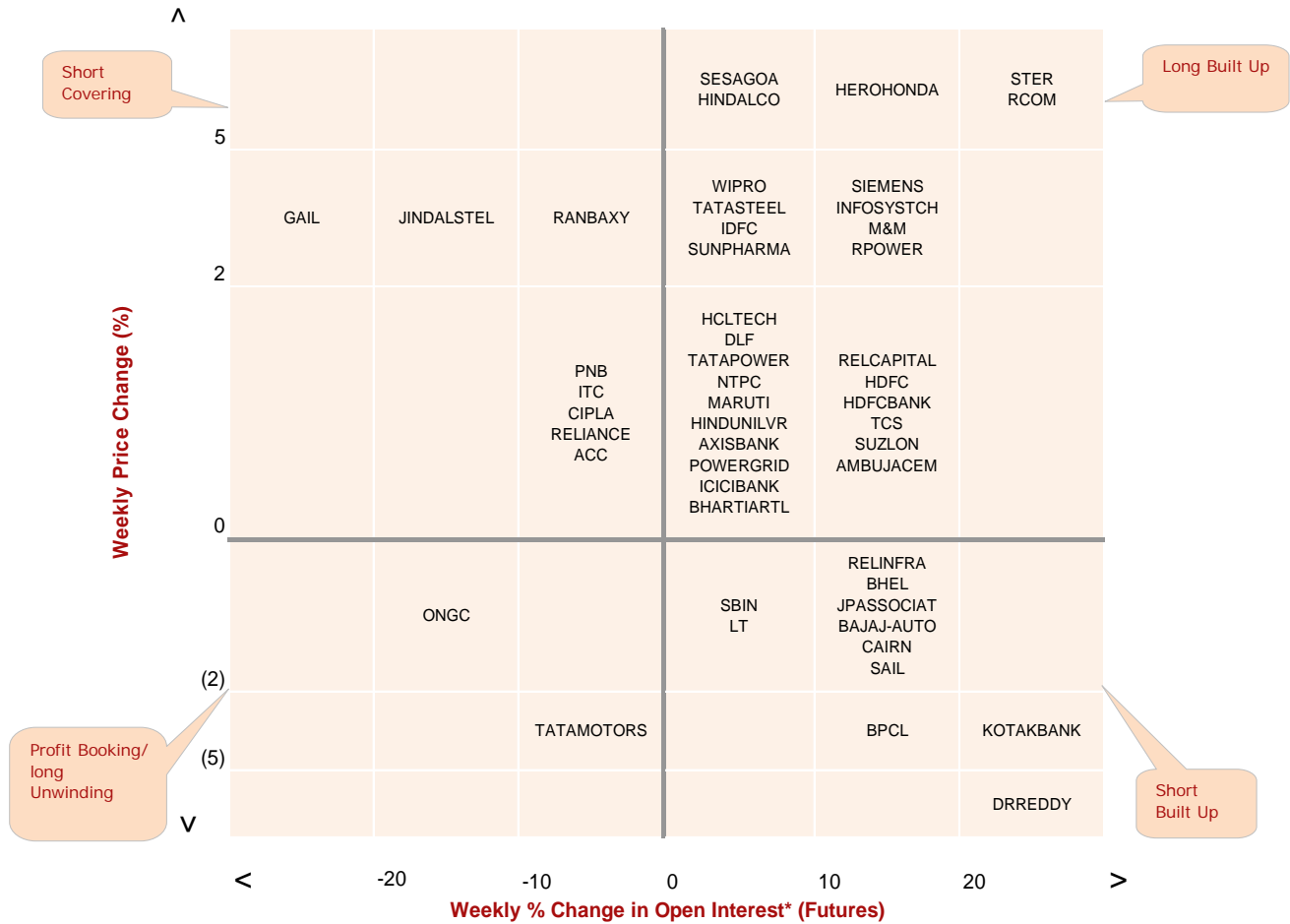


Source: Bloomberg, ABML Research



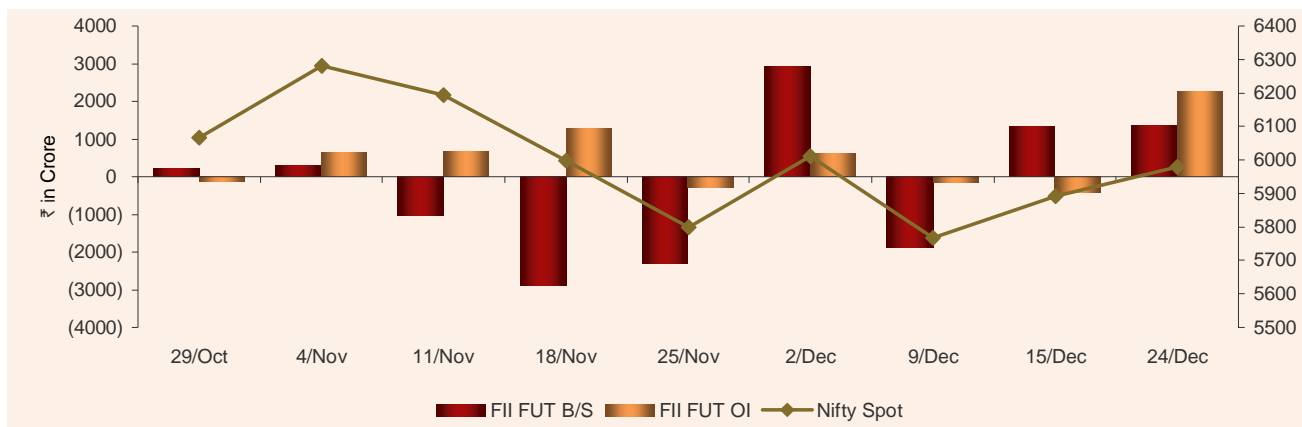
Derivatives Corner

Nifty Grid — % Change in Price



* Summation of three series of future

FII Deri Watch



Source: NSE



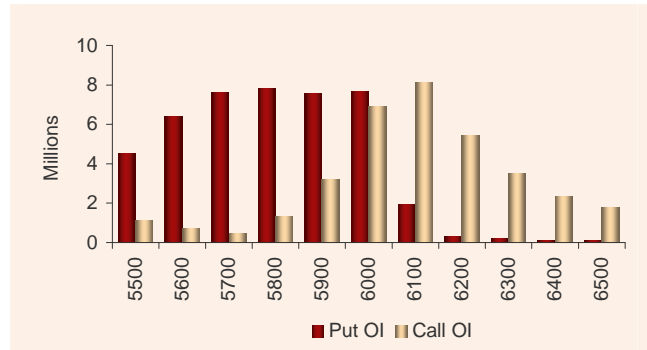
Nifty Synopsis

Particulars	Spot	Future	Prem. / Disc.	Futures OI	PCR OI	PCR VOL	VIX (%)
Current	6011.6	6037.2	25.60	28664600	1.41	1.03	17.65
Previous	5948.75	5966.8	18.05	26229700	1.26	0.93	20.24
Change (%)	1.06	1.18	-	9.28	-	-	-

Outlook

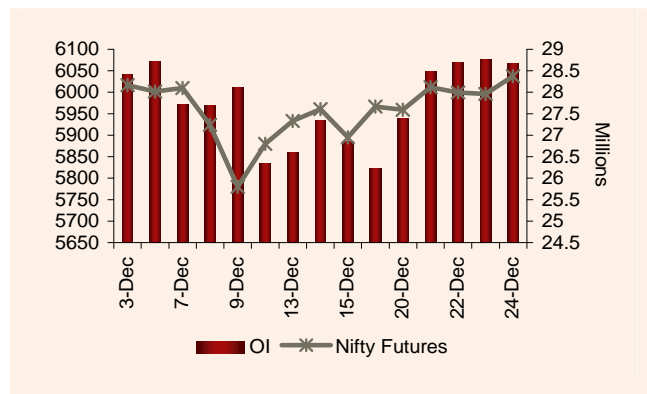
- High put option open interest build up of around 7.5 mn and 7.8 mn is seen at 5900 and 5800 strikes respectively, indicating that they will act as strong supports.
- High call option open interest build up of around 8.1 mn and 5.4 mn is seen at 6100 and 6200 strikes respectively, indicating that they will act as strong resistances.
- Nifty is trading at a premium of 25-26 points as compared to a premium of 18-19 points as of the previous trading week.
- The PCR for Nifty based on open interest was up at 1.41 as compared to 1.26 as of the previous trading week.
- The PCR for Nifty based on Volumes was up at 1.03 as compared to 0.93 as of the previous trading week.
- Nifty Futures open interest saw a increase of around 9.28%.
- In Index Futures FII's were net buyers to the tune of ₹ 1026 Cr with an open interest increase of around ₹ 1919 Cr as compared to net buying of ₹ 1352 Cr with an open interest decrease of around ₹ 435 Cr as of the previous trading week.

Nifty Options OI built up (Current expiry)



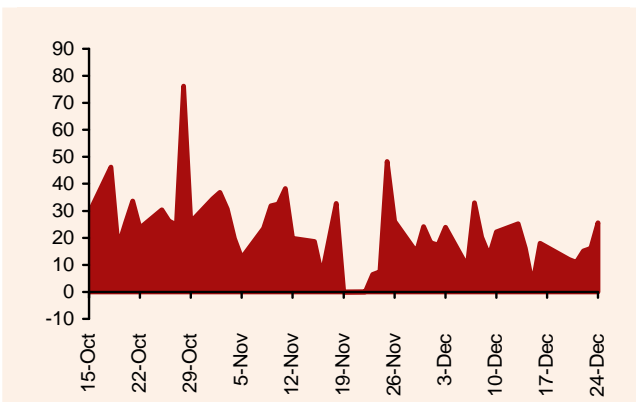
Source: NSE

Nifty open interest vs Nifty Futures



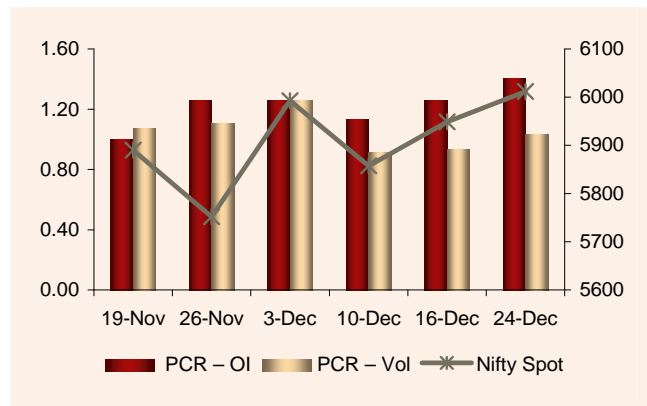
Source: NSE

Nifty Premium / Discount



Source: NSE

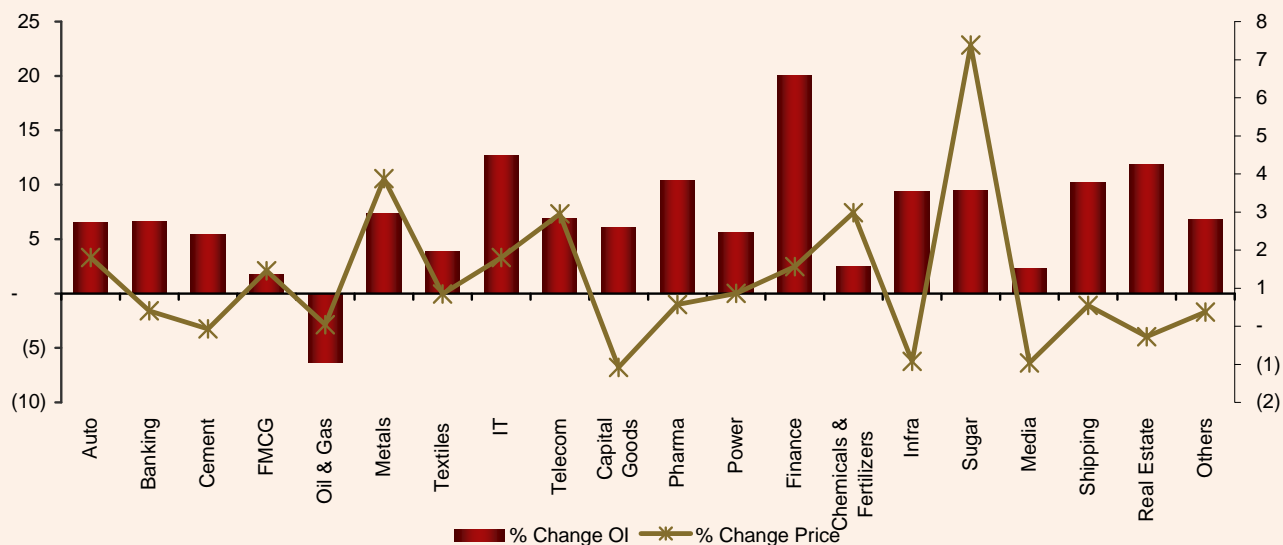
Nifty Spot vs PCR



Source: NSE



Sectoral Movement



Source: NSE

- Long build up was seen in Auto, Banking, FMCG, Metals, Textiles, IT, Telecom, Pharma, Power, Finance, Chemical & Fertilizers, Sugar and Shipping.
- Short build up was seen in Cement, Capital Goods, Infra, Media and Real Estate.
- Short Covering was seen in Oil & Gas.

Open Interest Gainers

Long Buildup

Scrip	Price	% Price Change	% OI Change
PFC	321.75	1.13	95.57
SRTRANSFIN	781.90	1.28	36.08
STER	185.70	7.09	30.58
IDEA	70.55	4.29	30.39
ASIANPAINT	2902.25	6.98	30.17

Source: NSE

Short Buildup

Scrip	Price	% Price Change	% OI Change
SINTEX	180.50	-1.10	82.76
OPTOCIRCU	256.55	-9.15	65.16
DRREDDY	1685.80	-6.02	49.78
RECLTD	293.60	-6.39	47.76
JISLJALEQS	207.90	-5.82	44.14

Source: NSE

Open Interest Losers

Short Covering

Scrip	Price	% Price Change	% OI Change
JINDALSTEL	702.20	3.91	-12.25
ISPATIND	23.40	3.31	-12.89
ROLTA	155.30	5.25	-15.39
YESBANK	309.05	2.74	-15.72
GAIL	512.70	3.00	-40.99

Source: NSE

Long Unwinding

Scrip	Price	% Price Change	% OI Change
BRFL	198.90	-1.00	-3.69
APIL	678.20	-2.02	-4.24
TATAMOTORS	1312.15	-2.21	-4.74
ALBK	216.30	-0.98	-7.43
IGL	329.05	-3.25	-9.03

Source: NSE



Outlook

Markets are showing signs of stabilizing, though, mid-caps are not recovering in a hurry as risk aversion remains high generally. Globally equities too have been supportive. The highlight of the market over the week has been renewed interest in the commodity space. The focus has shifted clearly from financials and auto, which has been the top performer for the year, to commodity, IT and pharma. We expect the out performance for these sectors to continue in the short term. Going into the New Year, fresh allocations towards equity would be the key. A series of visits from the State heads - US, France, China and Russia indicates increasing clout of India in the global power matrix, which is likely to keep the interest high. However, inflation remains the key risk, when economies globally are looking up. Therefore markets and returns in CY11 would be a function of stock picking.

In the near term, markets are likely to trade in a range due to a lack of institutional interest typically over the last week of December. Technically, the market is likely to find support at 5958 & 5895 levels and would face resistance at 6070 & 6128 levels.

Event Calendar

Economy	Monday 27 th Dec	Tuesday 28 th Dec	Wednesday 29 th Dec	Thursday 30 th Dec	Friday 31 st Dec
Domestic				Food Articles WPI YoY 18-Dec (Prior 12.13%) Fuel Power Light WPI YoY 18-Dec (Prior 10.74%) Primary Articles WPI YoY 18-Dec (Prior 15.35%)	Current Account Balance 3Q (Prior -\$13.70B)
Global	Japan: Housing Starts (YoY) Nov (Exp 4.90%, Prior 6.40%) Brazil: Trade Balance (FOB) – Weekly 26-Dec (Prior \$330M) Japan: Jobless Rate Nov (Exp 5.10% , Prior 5.10%) Japan: Natl CPI YoY Nov (Exp 0.10%, Prior 0.20%) Japan: Industrial Prod (MoM) Nov P (Exp 0.90%, Prior -2.00%) Japan: Industrial Prod YOY% Nov P (Exp 5.50%, Prior 4.30%) Japan: Retail Trade YoY Nov (Exp 0.40%, Prior -0.20%)	France: GDP (QoQ) 3Q F (Exp 0.40%, Prior 0.40%) France: GDP (YoY) 3Q F (Exp 1.80%, Prior 1.80%) Hong Kong: Exports YoY% Nov (Exp 12.60%, Prior 13.90%) Hong Kong: Imports YoY% Nov (Exp 14.50%, Prior 14.00%) Hong Kong: Trade Balance Nov (Exp -22.4B, Prior -22.3B) US: Consumer Confidence Dec (Exp 56.3, Prior 54.1) US: ABC Consumer Confidence 26-Dec (Prior -41)	Euro-Zone M3 s.a. (YoY) Nov (Exp 1.60%, Prior 1.00%) Russia: Weekly CPI (WoW) 27-Dec (Prior 0.30%) Russia: Weekly CPI YTD 27-Dec (Prior 8.40%) UK: BoE Housing Equity Withdrawal 3Q (Prior -£6.2B) Brazil: Net Debt % GDP Nov (Exp 41.30%, Prior 41.30%) Germany: CPI (MoM) Dec P (Exp 0.90%, Prior 0.10%) Germany: CPI (YoY) Dec P (Exp 1.50%, Prior 1.50%) South Korea: Industrial Prod. (MoM) Nov (Exp 1.60%, Prior -4.20%) South Korea: Industrial Prod. (YoY) Nov (Exp 10.60%, Prior 13.50%) China: HSBC Manuf. PMI Dec (Prior 55.3)	Taiwan: Benchmark Interest Rate (Exp 1.63%, Prior 1.50%) US: Initial Jobless Claims 25-Dec (Exp 415K, Prior 420K) US: Continuing Claims 18-Dec (Exp 4100K, Prior 4064K) US: Chicago Purchasing Manager Dec (Exp 61, Prior 62.5) US: Pending Home Sales MoM Nov (Exp 2.00%, Prior 10.40%) US: Pending Home Sales YoY Nov (Prior -22.40%) South Korea: CPI (MoM) Dec (Exp 0.30%, Prior -0.60%) South Korea: CPI YoY Dec (Exp 3.20%, Prior 3.30%)	Hong Kong: Money Supply M3 - in HK\$ (YoY) Nov (Prior 14.70%) China: PMI Manuf Dec (Prior 55.2) South Korea: Ext Trade - Export (YoY) Dec (Exp 20.00%, Prior 24.60%) South Korea: Ext Trade - Imports (YoY) Dec (Exp 20.00%, Prior 31.20%)

Source: Bloomberg



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