

DAILY MARKET OUTLOOK

Market Snapshot

Taking cues from its global counterparts, the Indian indices also opened yesterday's proceedings on a strong note. With bulls managing to clock further gains during the final hour of trade, Markets closed well inside the positive territory for the second day running. The BSE Sensex closed at 12,787 while the NSE Nifty closed at 3,733.

The NSE and BSE cash volumes were slightly higher compared to the previous day at INR 70 and INR 32 bn respectively. The F&O volumes were lower at INR 220 bn.

Sentiment Indicators

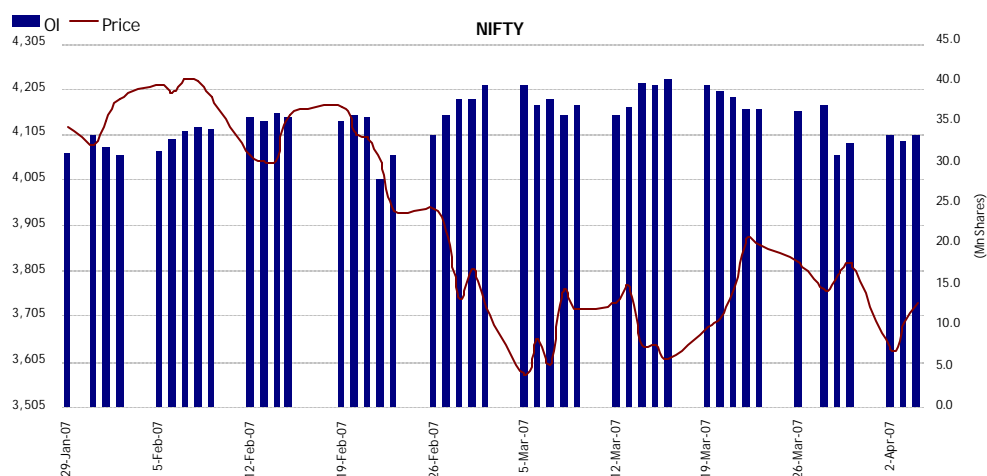
The Implied Volatility (IV) across Nifty strikes has increased to 27-28% levels. The WPCR of Nifty Options decreased to 0.72 compared to the previous day while the 5 day average is 0.83.

Outlook

We expect market to open slightly positive taking strength from yesterday's gains. However, over the course of day, we expect that markets should see some selling pressure around the levels of 3725-35, and remain range-bound as volatility has dropped and the investors are cautious before the long weekend.

The metals stocks are expected to exhibit strength on the back of strong base metal prices. IT stocks, however, are expected to turn negative again because of strong appreciation in the rupee. Automobile stocks are expected to continue their weak run, following weak growth in the sales and the rising interest rates.

Nifty has a strong resistance at 3750 followed by 3763, and finds support at 3726 and 3695. We would recommend creating subtle short positions on Nifty futures, if it fails to cross the resistance levels of 3750.



April 5, 2007

Market Snapshot

	4-Apr	3-Apr	% Chg
Nifty	3733.3	3690.7	1.2
Sensex	12786.8	12624.6	1.3
BSE MidCap	5280.1	5236.4	0.8
BSE SmallCap	6386.5	6313.6	1.2

Apr Futures

Average ICC (p.a)**	6.8%	8.2%	-16.0
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Volume (INR mn)

	188,029	186,169	1.0
Futures	19,466	28,179	-30.9
Call	12,564	18,356	-31.6
Put	220,059	232,704	-5.4
Total	69,716	67,455	3.4
NSE Cash Vol.	32,229	28,859	11.7
BSE Cash Vol.			

Open Interest (INR mn)

	320,104	308,066	3.9
Futures	59,074	54,174	9.0
Call	44,447	41,630	6.8
Put	423,625	403,870	4.9
Total			

Put Call Ratios

	0.67	0.67	0.1
PCR	0.63	0.64	-1.8
WPCR	0.76	0.78	-2.0
OIPCR	1.93	1.74	10.9
Total OI/ Volume			

Nifty IVs at 27 - 28% levels.

FII Activity* (INR Mn) (3-Apr)

Volume	Buy	Sell	Net
Cash	5,222	2,407	2,815
Index Futures	16,489	7,571	8,918
Stock Futures	6,815	3,893	2,922
Total	28,526	13,871	14,655

Open Interest

	3-Apr	2-Apr	% Chg
Index Futures	124,465	125,262	(0.6)
Stock Futures	133,409	128,250	4.0
Total F&O OI	303,157	298,324	1.6

Mutual Fund Activity* (INR Mn) (3-Apr)

Volume	Buy	Sell	Net
Equity	2,793	3,843	(1,050)

*FII & MF Data is reported a day late

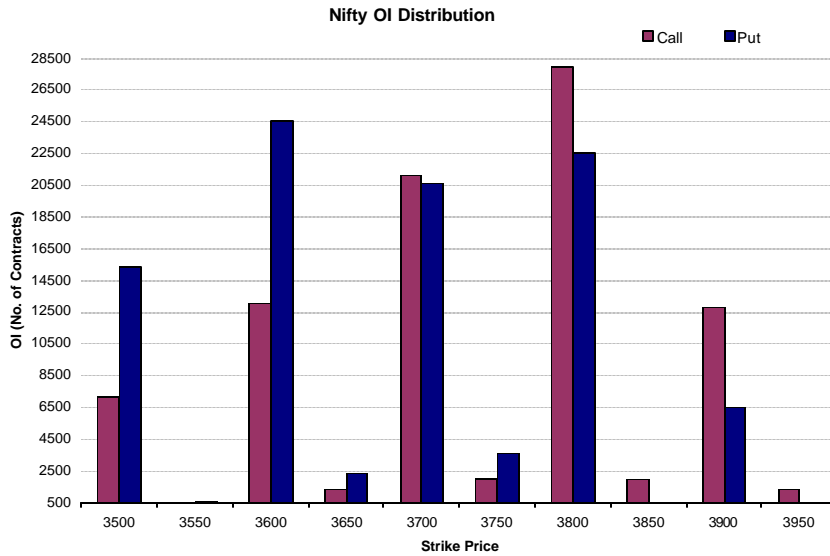
** Avg of positive ICC's

Pending Calls

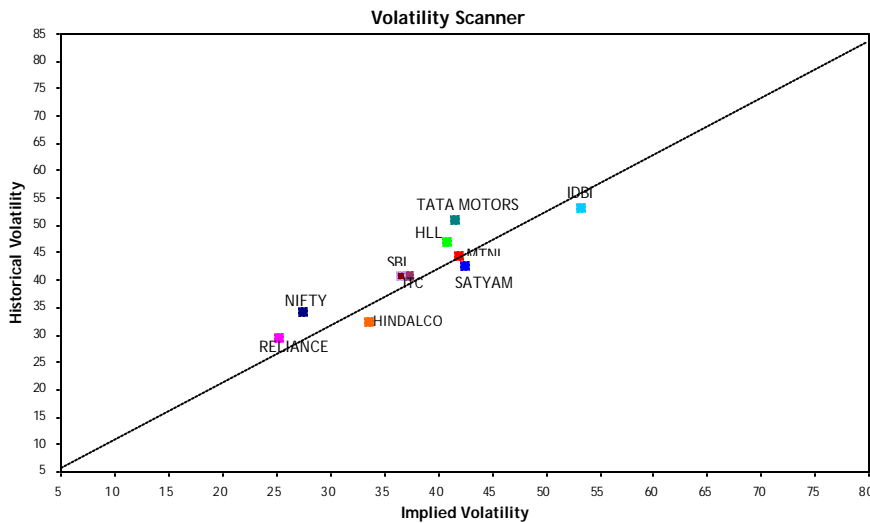
Scrp	Action	Date of Recommendation	Market Price	Returns	Rationale
HLL	Sell	5-Apr-07	197.8	-	The stock has witnessed some short build up on high volumes. Also with palm oil prices increasing on supply concerns, we suggest going short at these levels.
STER	Buy	4-Apr-07	469.5	8%	With strong Base metals prices on the LME we expect the counter to be in good humour.
Lupin	Buy	12-Mar-07	617.0	6%	The stock looks attractive at these levels as the company's US generic business is going to drive growth with the launch of Cefdinir in FY 08. Also the company's domestic formulation division has grown by 20% in past 3 years and we expect it to continue.
JetAirways	Sell	4-Apr-07	614.8	3%	On account of Index Portfolio Rebalancing in the Nifty there was a lot of buying seen in the counter in the last 1 hour of trading. In the absense of any news flow we don't expect momentum to continue.
Matrixlabs	Buy	29-Mar-07	172.3	2%	The stock closed on a marginal negative note on low volumes. We remain bullish on the pharma sector and suggest staying invested.
Maruti	Sell	3-Apr-07	745.5	1%	The stock has seen significant short build up yesterday on good volumes. The auto sector as a whole looks weak and we pick Maruti as a best pick to short.
OrientBank	Sell	4-Apr-07	178.0	1%	On account of Index Portfolio Rebalancing in the Nifty there was a lot of buying seen in the counter in the last 1 hour of trading. In the absense of any news flow we don't expect momentum to continue.
BajajAuto	Sell	3-Apr-07	2310.3	0%	The company has been loosing market share over the last couple of months and on the back of weakening fundamentals we suggest going short at these levels.
M&M	Closed Today	4-Apr-07	727.3	-2%	The company has launched its much awaited Sedan in JV with Renault at a very attractive price of 4.28 lacs which marks the entry of the company into premium passenger car segment.
RCOM	Buy	22-Mar-07	397.8	-3%	With the reduction in ADC by 37% and expected short covering make this stock an attractive BUY at current levels.

Closed Calls

Scrp	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
IFCI	Buy	22-Mar-07	26.8	28-Mar-07	32.5	21%
SesaGoa	Buy	15-Mar-07	1586.5	28-Mar-07	1746.4	10%
ORIENTBANK	Buy	22-Mar-07	177.5	2-Apr-07	187.6	6%
UnionBank	Buy	21-Mar-07	98.6	2-Apr-07	103.9	5%
ABAN	Buy	28-Mar-07	1915.6	2-Apr-07	2018.2	5%
Auropharma	Buy	29-Mar-07	648.2	2-Apr-07	679.5	5%
I-FLEX	Buy	28-Mar-07	1994.5	2-Apr-07	2083.0	4%
Ranbaxy	Buy	29-Mar-07	345.1	4-Apr-07	343.8	0%



- Maximum OI increase was in the 4000 Call [increase of 29.9%], 3600 Put [increase of 7.1%].
- Maximum Volumes were witnessed by 3800 & 3700 Call and 3600 & 3700 Put.



Nifty IVs at 27-28% levels

High IVs

- Hindalco IV's are quoting at 34% as against HV's of 32%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Engineering & Capital Goods	64274	59965	7.19%	3.5%
Oil & Gas	125746	118226	6.36%	2.3%
FMCG	34192	32224	6.11%	1.7%
Power	29498	27899	5.73%	2.9%
IT	90306	85755	5.31%	2.5%
Telecom	60999	58025	5.13%	1.4%
Cement	41420	39796	4.08%	-1.0%
Auto	55283	53180	3.96%	-0.2%
Banking	139670	136237	2.52%	1.6%
Pharma	36267	35390	2.48%	2.0%
Textile	18104	17674	2.43%	1.2%
Chemicals	9024	8820	2.31%	1.3%
Metals & Mining	79151	77447	2.20%	2.5%
Construction	32074	32638	-1.73%	-0.4%

- In the Engineering & Capital Goods Sector, PRAJ was up 13% with a 21% change in OI followed by BHEL which was also up nearly 9% with 34% change in OI.
- In the Power space, NTPC was up 10% with 18% change in OI followed by CESC which was up 4%.
- In the IT arena, Wipro was up 6% with a 13% change in OI followed by HCL Tech and I-Flex which were up by 5% and 4% respectively.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
M&M	23	2,058	(2.1)	11
GE Shipping	22	811	1.7	538
Chennai Petroleum	18	23	(0.7)	38
Corporation Bank	18	440	0.8	(26)
Ultratech Cement	17	414	(4.9)	380
Praj Industries	17	5,475	10.3	61
UTI Bank	14	880	(1.5)	(25)
Kotak Mahindra Bank	14	1,027	0.9	(28)

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
CNX IT	(22)	6	1.1	(11)
Crompton Greaves	(20)	367	6.7	143
Triveni Engineering	(10)	1,113	0.3	(59)
IRCL	(8)	4,879	4.2	(53)
Indian Bank	(8)	154	1.9	(39)
IPCL	(6)	3,972	1.9	(15)
NTPC	(6)	5,523	4.7	54
Wockhardt	(5)	509	3.0	59

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Praj Industries	10.3	17	5,475	61
Sterlite Ind.	8.1	(3)	6,277	(4)
Crompton Greaves	6.7	(20)	367	143
Titan Industries	5.4	10	1,266	443
NDTV	5.0	4	2,985	43
HDFC	4.9	4	1,155	15
Ultratech Cement	(4.9)	17	414	380
ZEE LTD	4.8	9	1,834	106

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Strides Arcolab	2044	164	0.9	5
Voltas	553	1,363	3.8	6
GE Shipping	538	371	1.7	22
Titan Industries	443	2,159	5.4	10
Ultratech Cement	380	189	(4.9)	17
McDowell & Co	337	102	0.0	(4)
I-Flex	325	179	4.4	7
Gujarat Narmada Fert	295	257	(0.5)	4

F&O CROSSOVER: -

Focus Stocks

- o Positives: Nifty, HLL, NTPC, ONGC, Polaris, Reliance, SCI
- o Negatives: ACC, HPCL, Infosys, MTNL, SBI, TCS.

Portfolio Tracker

4-Apr-07

Scrip	Reco	4-Apr-07 Score	3-Apr-07 Score	Reco Date	Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	1	1	28-Mar	3,761	3,733	7	-0.7%	3,630
ACC	Sell	(1)	(1)	21-Mar	753	714	14	5.1%	740
GAIL	Neu**	(3)	(3)	3-Apr	280	285			
HLL	Buy	3	(1)	4-Apr	198	198			188
HPCL	Sell	(1)	(1)	3-Apr	244	246	1	-0.7%	256
ICICI Bank	Neu**	(1)	(1)	2-Apr	804	821			
Infosys	Sell	(5)	(5)	9-Mar	2,121	1,994	26	6.0%	2,019
IPCL	Buy	5	5	13-Mar	265	270	22	1.9%	257
Maruti	Sell	(3)	(1)	23-Mar	841	746	12	11.3%	783
MTNL	Sell	(1)	1	4-Apr	145	145			153
NTPC	Buy	5	5	28-Mar	143	161	7	12.5%	153
ONGC	Buy	5	1	3-Apr	844	848	1	0.5%	805
Polaris	Buy	3	3	2-Apr	171	171	2	-0.2%	163
Reliance	Buy	3	3	28-Mar	1,350	1,363	7	1.0%	1,302
Satyam	Buy	3	1	3-Apr	461	453	1	-1.6%	438
SBI	Sell	(5)	(5)	26-Mar	1,014	936	9	7.7%	973
SCI	Buy	1	(1)	4-Apr	162	162			154
TCS	Sell	(1)	(5)	23-Mar	1,288	1,198	12	7.0%	1,249
Tata Motors	Neu**	(1)	(1)	2-Apr	671	683			
Tatasteel	Neu**	1	1	2-Apr	424	438			

Buy/ Sell/ Neutral = 9/7/4

o HLL moves into Buy Mode due to its PCR & WPCR Indicators turning Positive.

o MTNL moves into Sell Mode due to its OI Indicator turning Negative.

o SCI moves into Buy Mode due to its OI Indicator turning Positive. Sell Reco made a return of 4.6%

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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