

DAILY MARKET OUTLOOK

Market Snapshot

After Monday's agony, the markets bounced back yesterday and barring the initial volatility, the bears never really appeared in a position to do an encore. The Sensex opened 49 points higher at 12,504 backed by smart gains in the Asian markets. With the bulls continuing to put up a strong resistance, markets managed to hold onto their gains during the final hour of trade. The BSE Sensex closed at 12,621 (up 166 points) while the NSE Nifty closed at 3,691 (up 57 points).

The NSE and BSE cash volumes were unchanged compared to the previous day at INR 68 and INR 29 bn respectively. The F&O volumes were lower at INR 232 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 28-29% levels. The WPCR of Nifty Options decreased to 0.7 compared to the previous day while the 5 day average is 0.88.

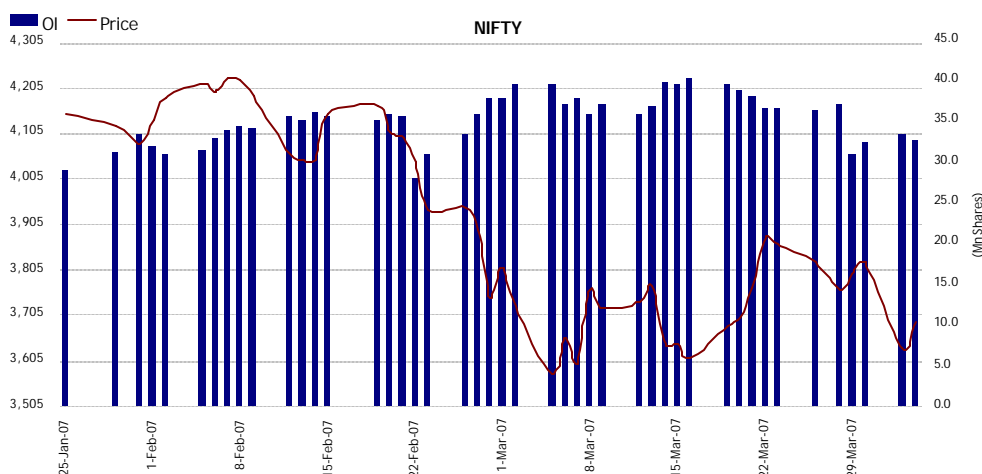
Outlook

The markets are expected to open strong on the back of positive global cues. We expect that if markets are able to sustain the positive move, we might see lot of short covering fueling the rally further, as Nifty Futures Open Interest didn't see any significant decline in yesterday's trade. There has been some short covering on NIFTY and single stock futures yesterday, and we expect the rally to get intensified today after strong set of home sales data in US

Cement sector might see some renewed selling after news that government might remove CVD on the import of Portland cement. This is bad for the cement sector as it will pull down the prices and dampen the sentiment further. Stock specifically, we might see some selling in Jet and Oriental Bank of Commerce and buying in Sterlite and RPL, on the back of index rebalancing.

After being net sellers on Monday, FIIs were net buyers to the tune of INR 892 cr in index futures and INR 292 cr in single stocks future.

The Nifty staged a strong pullback from its 200 DMA and the process could continue today as well. The Nifty showed some resistance at the 3700 level yesterday and if that level is crossed the first resistance would be at 3736 followed by 3750. On the lower side the support is at 3668. However, the underlying trend continues to be bearish and we believe that it is a matter of time before fall resume.



April 4, 2007

Market Snapshot

	3-Apr	2-Apr	% Chg
Nifty	3690.7	3633.6	1.6
Sensex	12624.6	12455.4	1.4
BSE MidCap	5236.4	5209.3	0.5
BSE SmallCap	6313.6	6294.1	0.3

Apr Futures

Average ICC (p.a)**	8.2%	5.9%	38.6
---------------------	------	------	------

Volume (INR mn)

	186,169	216,870	-14.2
Futures			
Call	28,179	35,999	-21.7
Put	18,356	29,109	-36.9
Total	232,704	281,979	-17.5
NSE Cash Vol.	67,455	68,669	-1.8
BSE Cash Vol.	28,859	29,193	-1.1

Open Interest (INR mn)

	308,066	304,107	1.3
Futures			
Call	54,174	51,496	5.2
Put	41,630	37,766	10.2
Total	403,870	393,370	2.7

Put Call Ratios

	0.67	0.83	-19.4
PCR			
WPCR	0.64	0.82	-21.9
OI PCR	0.78	0.74	5.0
Total OI / Volume	1.74	1.40	24.4

Nifty IVs at 28 - 29% levels.

FII Activity* (INR Mn) (2-Apr)

Volume	Buy	Sell	Net
Cash	20,724	25,459	(4,735)
Index Futures	13,747	28,070	(14,323)
Stock Futures	7,157	8,216	(1,059)
Total	41,628	61,745	(20,117)

Open Interest (2-Apr 30-Mar) % Chg

	125,262	142,473	(12.1)
Index Futures			
Stock Futures	128,250	130,432	(1.7)
Total F&O OI	298,324	312,184	(4.4)

Mutual Fund Activity* (INR Mn) (2-Apr)

Volume	Buy	Sell	Net
Equity	4,617	3,981	636

*FII & MF Data is reported a day late

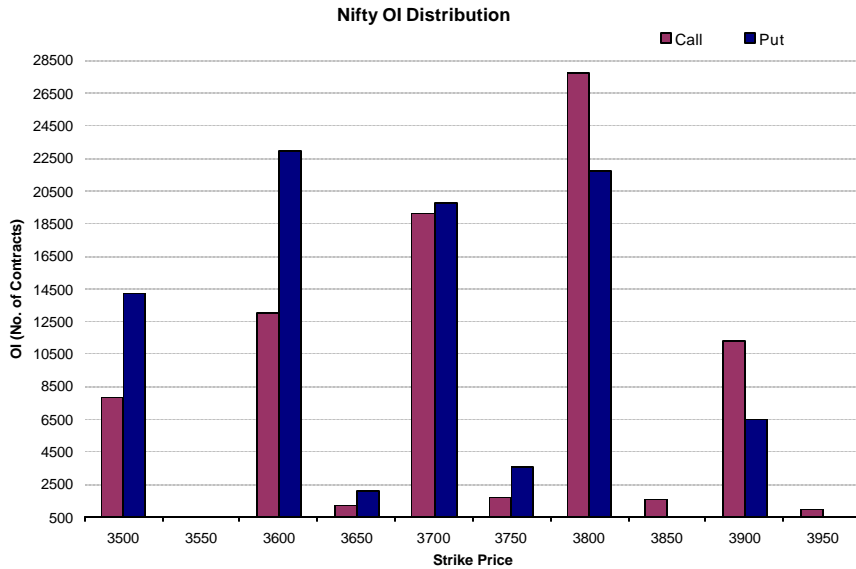
** Avg of positive ICC's

Pending Calls

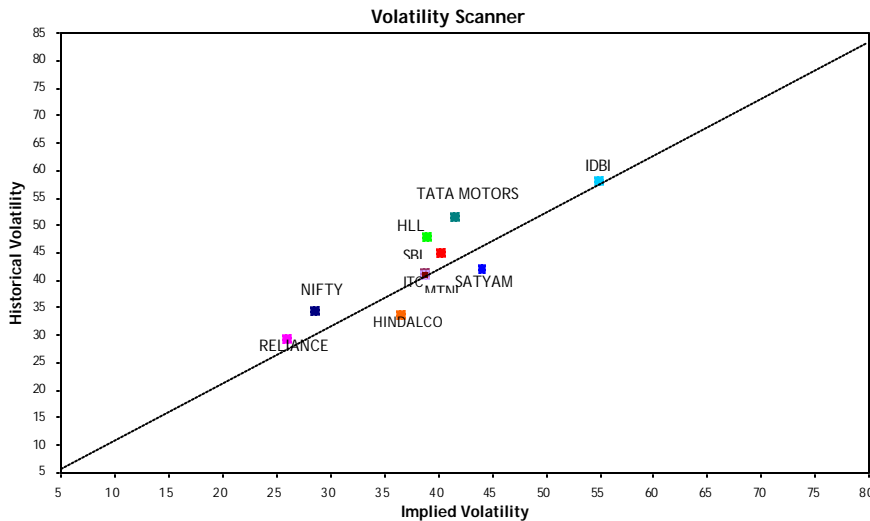
Scrp	Action	Date of Recommendation	Market Price	Returns	Rationale
M&M	Buy	4-Apr-07	727.3	-	The company has launched its much awaited Sedan in JV with Renault at a very attractive price of 4.28 lacs which marks the entry of the company into premium passenger car segment.
OrientBank	Sell	4-Apr-07	178.0	-	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.
Jet Airways	Sell	4-Apr-07	632.6	-	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.
Sterlite	Buy	4-Apr-07	434.4	-	With strong Base metals prices on the LME we expect the counter to be on good humour.
Lupin	Buy	12-Mar-07	602.8	4%	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.
Matrixlabs	Buy	29-Mar-07	173.4	3%	The stock was holding pretty strong inspite of the falling market and closed flat without much change in OI. We remain bullish on the pharma sector and suggest staying invested.
BajajAuto	Sell	3-Apr-07	2289.5	1%	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.
Ranbaxy	Closed Today	29-Mar-07	343.8	0%	The stock was up 1% in line with the markets. However the pharma space has been a relative outperformer and we suggest staying invested.
Maruti	Sell	3-Apr-07	756.0	-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.
RCOM	Buy	22-Mar-07	401.6	-2%	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%
RPL	Buy	28-Mar-07	74.0	2-Apr-07	71.5	-3%



- Maximum OI increase was in the 4000 Call [increase of 14.5%], 3600 Put [increase of 33.9%].
- Maximum Volumes were witnessed by 3800 & 3700 Call and 3600 & 3700 Put.



Nifty IVs at 28-29% levels

High IVs

- Hindalco IV's are quoting at 37% as against HV's of 34%.
- Satyam IV's are quoting at 44% as against HV's of 42%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Power	28968	27899	3.83%	2.0%
Engineering & Capital Goods	62043	59965	3.47%	0.5%
Oil & Gas	121833	118226	3.05%	1.3%
Metals & Mining	79257	77447	2.34%	1.1%
Pharma	35881	35390	1.39%	0.0%
Auto	53738	53180	1.05%	0.5%
IT	86643	85755	1.04%	1.1%
Telecom	58527	58025	0.87%	0.5%
Banking	137262	136237	0.75%	1.0%
Chemicals	8868	8820	0.54%	0.9%
Textile	17764	17674	0.51%	0.6%
FMCG	32196	32224	-0.09%	0.9%
Construction	32571	32638	-0.21%	-1.1%
Cement	39566	39796	-0.58%	0.8%

- In the Power Sector, NTPC was up 5% with a 26% change in OI followed by CESC which was also up nearly 5% with not much change in OI.
- In the Oil & Gas space, ABAN was up 5% followed by GAIL which was up 4.9%.
- In the Metals & Mining arena, SAIL was up 3% followed by Sesa Goa and Tata Steel which were each up by 2%.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Crompton Greaves	65	461	(3.5)	322
Shree Renuka Sugars	56	733	3.2	70
J & K Bank	50	127	(0.3)	78
Bharat Earth Movers	43	159	(5.1)	(34)
Sterlite Ind.	29	6,496	(0.8)	422
NTPC	26	5,866	4.7	431
RPL	24	49,037	(2.1)	197
Bajaj Hindustan	21	2,342	3.7	25

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
CNX IT	(19)	8	1.8	(29)
Chennai Petroleum	(19)	20	0.7	(19)
Reliance Capital	(16)	2,539	0.4	14
Corporation Bank	(12)	373	3.0	12
Triveni Engineering	(10)	1,240	2.2	42
IPCL	(9)	4,239	2.5	58
Bank Nifty	(7)	118	0.7	(27)
Sun Tv	(5)	337	2.1	(58)

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
SCI	(5.9)	0	672	0
Oriental Bank	5.6	(3)	3,283	352
Bank of India	5.5	(2)	3,754	84
Bharat Earth Movers	(5.1)	43	159	(34)
Aban Offshore	5.1	8	346	232
GAIL	4.9	(4)	3,199	(31)
JetAirways	4.8	(1)	1,443	133
Lanco Infra	(4.8)	4	3,014	3

Top Volume Rises

Scrip	% Price Chg	FutureVol	% Price Chg	% OI Chg
NTPC	431	10,701	4.7	26
Sterlite Ind.	422	8,358	(0.8)	29
Oriental Bank	352	2,726	5.6	(3)
Crompton Greaves	322	439	(3.5)	65
Aban Offshore	232	487	5.1	8
RPL	197	30,271	(2.1)	24
BHEL	153	1,600	4.7	18
JetAirways	133	985	4.8	(1)

F&O CROSSOVER: -

Focus Stocks

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

Portfolio Tracker

3-Apr-07

Scrip	Reco	3-Apr-07 Score	2-Apr-07 Score	Reco Date	Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	1	3	28-Mar	3,761	3,691	6	-1.9%	3,630
ACC	Sell	(1)	(1)	21-Mar	753	704	13	6.4%	740
GAIL	Neu**	(3)	(3)	3-Apr	280	280			
HLL	Sell	(1)	(1)	26-Mar	198	200	8	-1.1%	205
HPCL	Sell	(1)	(5)	3-Apr	244	244			256
ICICI Bank	Neu**	(1)	1	2-Apr	804	808			
Infosys	Sell	(5)	(5)	9-Mar	2,121	1,965	25	7.4%	2,019
IPCL	Buy	5	3	13-Mar	265	265	21	0.0%	257
Maruti	Sell	(1)	(3)	23-Mar	841	756	11	10.0%	787
MTNL	Buy	1	3	2-Apr	142	143	1	0.5%	136
NTPC	Buy	5	5	28-Mar	143	154	6	7.5%	146
ONGC	Buy	1	(1)	3-Apr	844	844			802
Polaris	Buy	3	5	2-Apr	171	170	1	-1.0%	163
Reliance	Buy	3	3	28-Mar	1,350	1,341	6	-0.7%	1,302
Satyam	Buy	1	(1)	3-Apr	461	461			438
SBI	Sell	(5)	(3)	26-Mar	1,014	927	8	8.6%	973
SCI	Sell	(1)	(1)	29-Mar	170	162	5	4.6%	170
TCS	Sell	(5)	(5)	23-Mar	1,288	1,203	11	6.6%	1,249
Tata Motors	Neu**	(1)	1	2-Apr	671	681			
Tatasteel	Neu**	1	3	2-Apr	424	431			

Buy/ Sell/ Neutral = 8/8/4

- o GAIL hits the Stop Loss and moves into Neutral mode.
- o HPCL moves into Sell Mode from Neutral Mode.
- o ONGC moves into Buy Mode due to its OI Indicator turning Positive.
- o Satyam moves into Buy Mode from Neutral Mode.

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

Edelweiss Securities

14th Floor, Express Towers,
Nariman Point, Mumbai – 400 021
Board: (91-22) 2286 4400
Email: research@edelcap.com



Naresh Kothari – 2286 4246

Head, Institutional Equities

Vikas Khemani – 2286 4206

Head, Institutional Equities

INDIA RESEARCH

SECTOR

INSTITUTIONAL SALES

Shriram Iyer - 2286 4256

Head – Research

Nischal Maheshwari - 2286 4205

Gautam Roy - 2286 4305

Airlines, Textile

Rajesh Makharia - 2286 4202

Ashutosh Goel - 2286 4287

Automobiles, Auto Components

Shabnam Kapur - 2286 4394

Vishal Goyal, CFA - 2286 4370

Banking & Finance

Amish Choksi - 2286 4201

Revathi Myneni - 2286 4413

Cement

Balakumar V - (044) 4263 8283

Sumeet Budhraj - 2286 4430

FMCG

Monil Bhala - 2286 4363

Harish Sharma - 2286 4307

Infrastructure, Auto Components, Mid Caps

Ashish Agrawal - 2286 4301

Priyanko Panja - 2286 4300

Infrastructure, Engineering, Telecom

Nikhil Garg - 2286 4282

Hitesh Zaveri - 2286 4424

Information Technology

Swati Khemani - 2286 4266

Parul Inamdar - 2286 4355

Information Technology

Neha Shahra - 2286 4276

Priyank Singhal - 2286 4302

Media, Retail

Priya Ramchandran - 2286 4389

Prakash Kapadia - 4097 9843

Mid Caps

Anubhav Kanodia - 2286 4361

Niraj Mansingka - 2286 4304

Oil & Gas, Petrochemicals

Tushar Mahajan - 2286 4439

Nimish Mehta - 2286 4295

Pharmaceuticals, Agrochemicals

Harsh Biyani - 2286 4419

Manika Premsingh - 4019 4847

Economist

Nirmal Ajmera - 2286 4258

Sunil Jain - 2286 4308

Alternative & Quantitative

Ankit Doshi - 2286 4671

Yogesh Radke - 2286 4328

Alternative & Quantitative

Dipesh Shah - 2286 4434

Email addresses: firstname.lastname@edelcap.com

e.g. naresh.kothari@edelcap.com

unless otherwise specified

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

This document has been prepared by Edelweiss Securities Private Limited (Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Edelweiss and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst holding in stock: ves/no.

Edelweiss Research is also available on Bloomberg EDEL <GO>, Thomson First Call, Reuters and Factset.