

# DAILY MARKET OUTLOOK

## Market Snapshot

The markets opened yesterday on a positive note but profit booking at higher levels capped the gains in the latter part of trading. Subdued European markets pulled indices from a near two-month peak in afternoon trade. Continued buying in select heavyweights saw the index rally to a high of 13,763 before it finally settled with a gain of 65 points at 13,672. Nifty closed with a gain of 27 points to 4,012.

The NSE and BSE cash volumes were slightly lower compared to the previous day at INR 86 bn and INR 39 bn respectively. The F&O volumes were also low at INR 279 bn.

## Sentiment Indicators

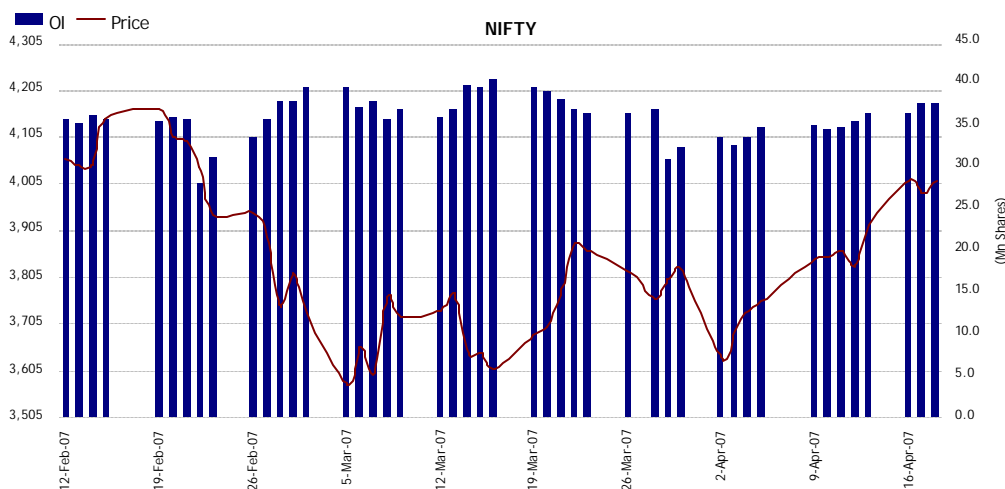
The Implied Volatility (IV) across Nifty strikes has increased to 24-26% levels. The WPCR of Nifty Options has decreased to 0.98 while the 5 day average is also 1.15. The April futures in now trading at 13 points discount to spot.

## Outlook

The markets are expected to open with a negative gap taking cues from its Asian peers. In the absence of any fresh triggers from the global or domestic markets, we expect the Nifty to be range bound and to remain directionless. The low volumes witnessed in the last few trading sessions indicate caution among the market participants while taking fresh positions. The market is looking forward to the credit policy announcements by the RBI which would set the tone in the coming days.

Cement and Banking sector will continue to out perform the market. IT counters will remain to be under some pressure. Metal stock can gain strength from the rise in the metal prices at the LME. We continue to maintain our buy call on the Reliance pack as investors can look for buying opportunities in Reliance Cap, RCOM.

After retracing back, 2/3 of the February fall, the Nifty has encountered a resistance at 4039 level. The 3981 level which is 61.8% retracement has been acting as a support for the Nifty. Once, this level is broken, the first support is 3959 followed by 3923



April 19, 2007

### Market Snapshot

	18-Apr	17-Apr	% Chg
Nifty	4011.6	3985.0	0.7
Sensex	13672.2	13607.0	0.5
BSE MidCap	5653.5	5621.3	0.6
BSE SmallCap	6908.5	6862.5	0.7

### Apr Futures

	16.3%	14.8%	10.4
Average ICC (p.a)**			

### Volume (INR mn)

	226,637	235,058	-3.6
Futures			
Call	29,062	32,845	-11.5
Put	23,616	28,946	-18.4
Total	279,315	296,849	-5.9
NSE Cash Vol.	86,004	96,116	-10.5
BSE Cash Vol.	39,767	45,649	-12.9

### Open Interest (INR mn)

	392,938	389,722	0.8
Futures			
Call	91,258	89,994	1.4
Put	86,119	85,556	0.7
Total	570,315	565,272	0.9

### Put Call Ratios

	0.87	0.96	-9.5
PCR			
WPCR	0.81	0.89	-9.1
OI PCR	0.97	0.97	-0.6
Total OI/ Volume	2.04	1.90	7.2

### Nifty IVs at 24 - 26% levels.

### FII Activity\* (INR Mn) (17-Apr)

	Buy	Sell	Net
Cash	25,973	19,488	6,485
Index Futures	18,251	14,268	3,983
Stock Futures	8,959	10,028	(1,069)
Total	53,183	43,784	9,399

### Open Interest

	17-Apr	16-Apr	% Chg
Index Futures	158,900	151,023	5.2
Stock Futures	169,345	171,170	(1.1)
Total F&O OI	408,605	391,659	4.3

### Mutual Fund Activity\* (INR Mn) (17-Apr)

	Buy	Sell	Net
Equity	5,301	7,812	(2,511)

\*FII & MF Data is reported a day late

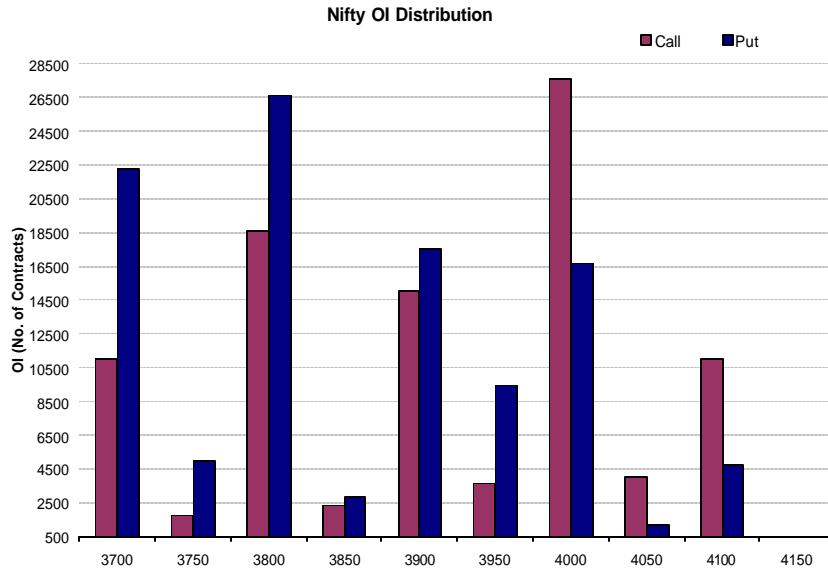
\*\* Avg of positive ICC's

## Pending Calls

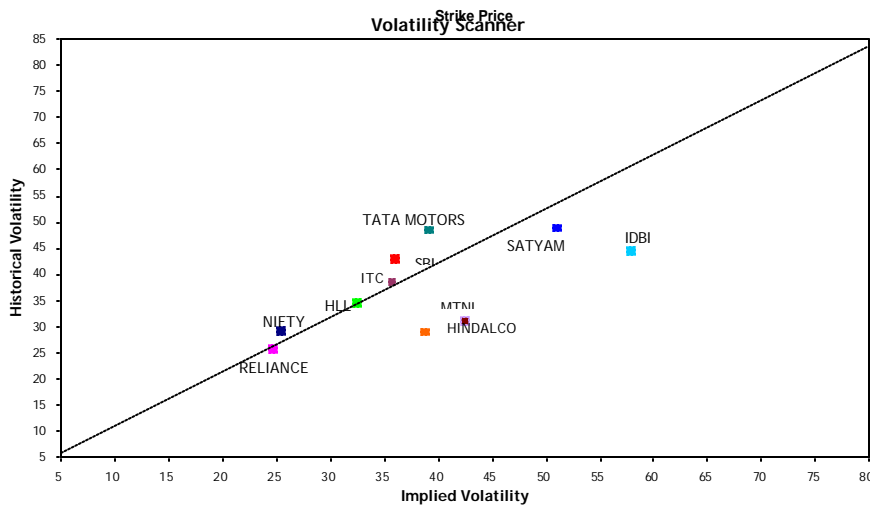
Scrp	Action	Date of Recommendation	Market Price	Returns	Rationale
Aptech	Buy	19-Apr-07	289.2	-	The company has a tie up with Infosys for Finnacle Training and also the stock was up by 10% on high volumes indicating lot of buying interest.
BHEL	Sell	19-Apr-07	2553.5	-	The stock has reached an overbought zone and is near its previous resistance at 2568. In addition to the resistance there have been double shooting star patterns in the last two days. Short with a stop loss of 2600 for a target of 2451.
RCOM	Buy	22-Mar-07	435.1	6%	With the reduction in ADC by 37% and expected short covering make this stock an attractive BUY at current levels.
ACC	Buy	17-Apr-07	816.8	4%	The cement sector has been hammered a lot in the past few sessions on the back of uncertainty looming in the sector. However now we suggest investor can buy at current levels and we pick ACC as our best pick.
Tatasteel	Closed Today	18-Apr-07	511.4	3%	The news of equity dilution should act as a negative sentiment indicator for the company and hence we initiate a short term trading sell on the stock. Also uncertainty about the government policy looms on the steel sector.
Relcapital	Buy	16-Apr-07	706.0	3%	The stock was up by 3% on good volumes with a 8% rise in OI. We expect the buying interest to stay and suggest going long.
Reliance	Closed Today	17-Apr-07	1486.5	2%	The stock broke its all time high resistance at INR 1444 and closed above it. The underlying strength of the stock is visible from the fact that the correction it went through in February was relatively flatter as compared to the broad indices.
UniPhos	Buy	17-Apr-07	344.2	0%	The stock was up more than 3% on good volumes. The company is expected to come out with good results and also we expect it to take cues from the advanta IPO.
Hindpetro	Closed Today	18-Apr-07	255.9	-2%	The government might raise the FDI limit to 49% for the sector in favour of the LN Mittal bid. Also the stock gained close to 5% on significant volumes.

## Closed Calls

Scrp	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
STER	Buy	4-Apr-07	434.4	12-Apr-07	506.4	17%
SesaGoa	Buy	15-Mar-07	1586.5	28-Mar-07	1746.4	10%
Lupin	Buy	12-Mar-07	580.0	10-Apr-07	633.9	9%
ZeeNews	Buy	10-Apr-07	38.7	11-Apr-07	41.9	8%
SunPharma	Buy	10-Apr-07	1048.9	17-Apr-07	1098.9	5%
JetAirways	Sell	11-Apr-07	645.4	16-Apr-07	625.9	3%
Parsvnath	Buy	13-Apr-07	284.4	18-Apr-07	287.5	1%
M&M	Buy	16-Apr-07	745.1	18-Apr-07	749.5	1%



- Maximum OI increase was in the 4050 Call [increase of 41.7%] and 4000 put [increase of 6.7%].
- Maximum Volumes were witnessed by 4000 & 3900 Call and 4000 & 3900 Put.



Nifty IVs at 24-26% levels

High IVs

- Hindalco IV's are quoting at 39% as against HV's of 29%.
- IDBI IV's are quoting at 58% as against HV's of 44%
- MTNL IV's are quoting at 43% as against HV's of 31%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Engineering & Capital Goods	73868	70444	4.86%	-0.4%
Power	35825	35021	2.30%	0.2%
Metals & Mining	85462	84076	1.65%	0.4%
Pharma	45375	44851	1.17%	0.7%
Auto	54494	54287	0.38%	0.2%
Telecom	65324	65084	0.37%	1.1%
Chemicals	10183	10183	0.00%	-0.1%
IT	114772	115033	-0.23%	2.8%
Banking	163263	163726	-0.28%	1.2%
Textile	18660	18764	-0.55%	-0.1%
Construction	38109	38355	-0.64%	0.2%
FMCG	37019	37472	-1.21%	0.8%
Oil & Gas	136044	137738	-1.23%	0.0%
Cement	43414	44220	-1.82%	0.0%

- Amongst all the sectors, the IT sector was up the most. GTL saw a huge build up as the price was up 17% with a 29 % rise in OI followed by HCL Tech which rose close to 7% on high volumes.
- In Banking space, Andhra bank saw some short covering and was up close to 5% with a 6% fall in OI followed by Indian Bank which gained 4% coupled with a 11% rise in OI
- In the Telecom arena, Bharti and MTNL rose by 2% each.

## Futures Snapshot

## Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Siemens	38	2,644	(4.6)	100
GTL Ltd	29	7,355	17.3	3801
Corporation Bank	21	504	2.5	2
Power Finance Corp	20	5,861	1.5	28
Bongaigaon Refinery	17	2,876	1.4	34
Lupin	16	1,483	0.5	(7)
Karnataka Bank	15	2,234	(0.9)	(17)
CESC Ltd	13	3,047	(3.6)	(22)

## Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Syndicate Bank	(14)	5,278	4.0	(23)
Bank of India	(12)	4,805	2.4	(27)
Dabur India	(11)	6,348	5.3	213
IRCL	(10)	5,273	2.8	(14)
I-Flex	(10)	365	0.2	(28)
GE Shipping	(9)	539	(0.1)	(51)
Neyveli Lignite	(8)	3,387	2.2	(32)
IPCL	(8)	3,197	0.8	25

## Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
GTL Ltd	17.3	29	7,355	3801
HCL Tech	7.4	(7)	5,314	168
Dabur India	5.3	(11)	6,348	213
Andhra Bank	4.8	(6)	2,289	20
Siemens	(4.6)	38	2,644	100
ZEE LTD	4.2	1	2,220	127
Syndicate Bank	4.0	(14)	5,278	(23)
BPCL	(3.7)	8	2,200	(40)

## Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
GTL Ltd	3801	17,027	17.3	29
Aurobindo Pharma	1881	257	(0.1)	7
Amtek Auto	369	453	3.4	1
Hero Honda	357	1,134	0.5	4
NTPC	238	11,076	3.2	4
Dabur India	213	6,669	5.3	(11)
Matrix Laboratories	193	708	1.9	1
Mphasis Ltd	176	3,063	3.7	3

## F&amp;O CROSSOVER: -

## Focus Stocks

o Positives: ACC, HPCL, ICICI Bank, NTPC, ONGC, Reliance, SBI, TCS.

o Negatives: Nifty, MTNL, Tata Steel

## Portfolio Tracker

18-Apr-07

	Scrip	Reco	18-Apr-07		Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
			Score	Score						
o Nifty moves into Sell Mode from Neutral Mode.	Nifty	Sell	(1)	1	18-Apr	4,012	4,012			4,212
	ACC	Buy	3	1	13-Apr	748	816	5	9.1%	775
o MTNL moves into Sell Mode due to its PCR & WPCR indicators turning Negative. Buy Reco made a return of 5.4%	GAIL	Buy	1	1	9-Apr	292	285	9	-2.2%	280
	HLL	Buy	3	5	4-Apr	198	208	14	5.2%	203
	HPCL	Buy	3	3	18-Apr	256	256			243
	ICICI Bank	Buy	5	5	17-Apr	894	899	1	0.6%	854
	Infosys	Neu**	(1)	(1)	17-Apr	2,083	2,076			
	IPCL	Buy	3	3	13-Mar	265	294	36	11.0%	280
o NTPC moves into Buy Mode due to its PCR, WPCR & OI indicators turning Positive.	Maruti	Buy	1	3	13-Apr	772	764	5	-1.0%	739
	MTNL	Sell	(1)	3	18-Apr	162	162			170
	NTPC	Buy	5	(1)	18-Apr	162	162			154
	ONGC	Buy	5	3	3-Apr	844	905	15	7.3%	860
	Polaris	Buy	5	5	2-Apr	171	193	16	12.4%	187
	Reliance	Buy	3	5	13-Apr	1,412	1,485	5	5.2%	1,411
	Satyam	Neu**	3	3	17-Apr	456	462			
	SBI	Buy	5	5	5-Apr	948	1,034	13	9.0%	982
	SCI	Buy	3	3	12-Apr	170	172	6	1.0%	165
	TCS	Buy	5	5	23-Mar	1,288	1,248	26	-3.2%	1,224
Tata Motors	Buy	3	3	13-Apr	726	723	5	-0.5%	713	
Tatasteel	Sell	(1)	(1)	16-Apr	535	512	2	4.3%	537	

Buy/ Sell/ Neutral = 15/3/2

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

14<sup>th</sup> 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

Balakumar V - (044) 4263 8283

Revathi Myneni - 2286 4413

Cement

Ashish Agrawal - 2286 4301

Sumeet Budhraja - 2286 4430

FMCG

Nikhil Garg - 2286 4282

Harish Sharma - 2286 4307

Infrastructure, Auto Components, Mid Caps

Swati Khemani - 2286 4266

Priyanko Panja - 2286 4300

Infrastructure, Engineering, Telecom

Neha Shahra - 2286 4276

Hitesh Zaveri - 2286 4424

Information Technology

Priya Ramchandran - 2286 4389

Parul Inamdar - 2286 4355

Information Technology

Anubhav Kanodia - 2286 4361

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Media, Retail

Tushar Mahajan - 2286 4439

Prakash Kapadia - 4097 9843

Mid Caps

Harsh Biyani - 2286 4419

Niraj Mansingka - 2286 4304

Oil & Gas, Petrochemicals

Nirmal Ajmera - 2286 4258

Nimish Mehta - 2286 4295

Pharmaceuticals, Agrochemicals

Ankit Doshi - 2286 4671

Manika Premsingh - 4019 4847

Economist

Dipesh Shah - 2286 4434

Sunil Jain - 2286 4308

Alternative & Quantitative

Yogesh Radke - 2286 4328

Alternative & Quantitative

Email addresses: [firstname.lastname@edelcap.com](mailto:firstname.lastname@edelcap.com)

e.g. [naresh.kothari@edelcap.com](mailto: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

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