

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened with a negative gap of 169 points at 12,717, and continued to drift lower. The selling pressure was so intense that the index tumbled to a low of 12,344. The index, thereafter, attempted to recover but was met with unabated selling at every rise. Heavyweights in particular bore the brunt of the selling today. The Sensex finally ended with a hefty loss of 471 points at 12,415 while the NSE Nifty settled with a loss of 150 points at 3576.5.

The NSE & BSE cash volumes were slightly lower compared to the previous day at INR 85 bn and INR 39 bn. The F&O volumes were a touch higher at INR 332 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 32-33% levels. The WPCR of Nifty Options decreased to 0.76 compared to the previous day while the 5 day average is 0.90.

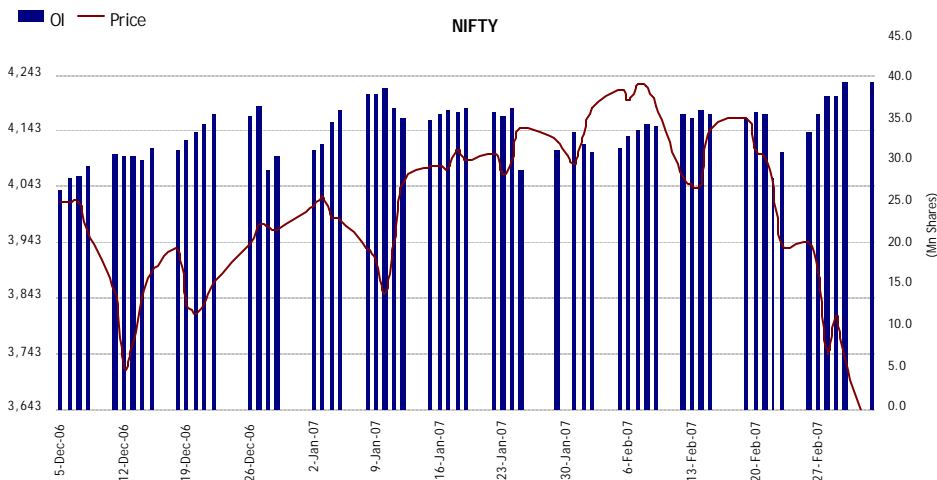
Outlook

We expect the market to open with a positive gap in line with its Asian peers. The pullback can take the Nifty up to 1.5% up from the yesterday's close. Domestic mutual funds are expected to buy select heavy weight stocks at the current levels as most of the fund houses are sitting on significant pool of cash. However, the tone of caution still pervades amongst the investors and they might look to sell off their positions after a rise.

The last couple of days have seen a significant buildup in Nifty OI as compared to SSF OI. This underlines the cautious tone in the market as investors prefer to take positions in broader instruments like the index as a hedge to their long positions.

We recommend the investors to invest in large caps like Infosys, Bharti, RCOM, and ICICI bank since these stocks can lead the pullback rally.

The Nifty took a support at its 200 DMA at 3562. Further the Nifty has another support at 3531. In addition to the 200 DMA support, the Nifty has deviated substantially on the downside from its short term moving average. The technical charts indicate a bounce back from the current levels. On the upside the first resistance for Nifty is at 3651 followed by 3726.



March 6, 2007

Market Snapshot

	5-Mar	2-Mar	% Chg
Nifty	3576.5	3726.8	-4.0
Sensex	12415.0	12886.1	-3.7
BSE MidCap	5194.4	5466.2	-5.0
BSE SmallCap	6270.8	6645.8	-5.6

Mar Futures

Average ICC (p.a)**	4.7%	6.0%	-21.1
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Volume (INR mn)

	279,020	258,909	7.8
Futures	279,020	258,909	7.8
Call	32,991	32,452	1.7
Put	20,589	25,445	-19.1
Total	332,599	316,806	5.0
NSE Cash Vol.	85,509	89,606	-4.6
BSE Cash Vol.	39,964	40,069	-0.3

Open Interest (INR mn)

	349,589	374,296	-6.6
Futures	349,589	374,296	-6.6
Call	79,774	78,594	1.5
Put	62,110	64,569	-3.8
Total	491,473	517,459	-5.0

Put Call Ratios

	0.63	0.80	-20.7
PCR	0.63	0.80	-20.7
WPCR	0.65	0.79	-16.9
OI PCR	0.80	0.84	-5.5
Total OI/ Volume	1.48	1.63	-9.5

Nifty IVs at 33 - 32% levels.

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

Volume	Buy	Sell	Net
Cash	34,424	31,175	3,249
Index Futures	14,715	15,183	(468)
Stock Futures	6,281	5,369	912
Total	55,420	51,727	3,693

Open Interest

	2-Mar	1-Mar	% Chg
Index Futures	138,719	137,374	1.0
Stock Futures	149,994	152,726	(1.8)
Total F&O OI	350,049	350,911	(0.2)

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

Volume	Buy	Sell	Net
Equity	3,355	5,441	(2,086)

*FII & MF Data is reported a day late

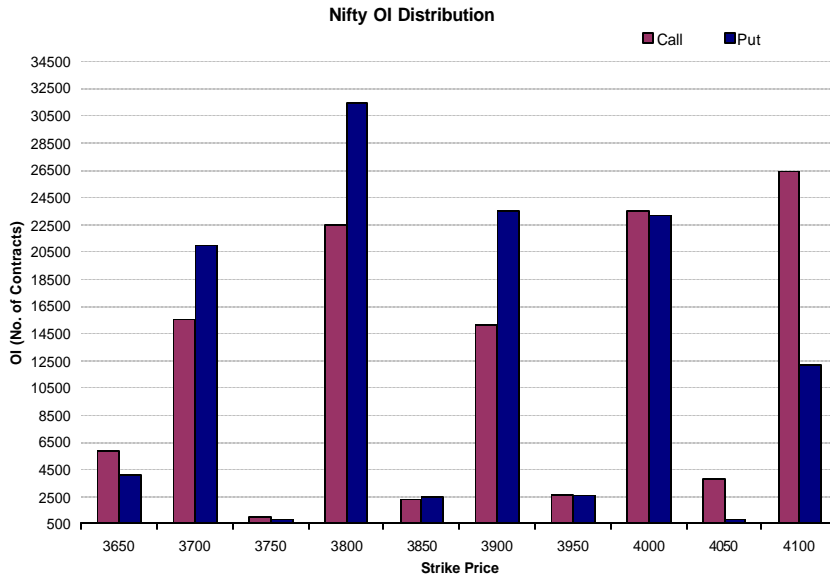
** Avg of positive ICC's

Pending Calls

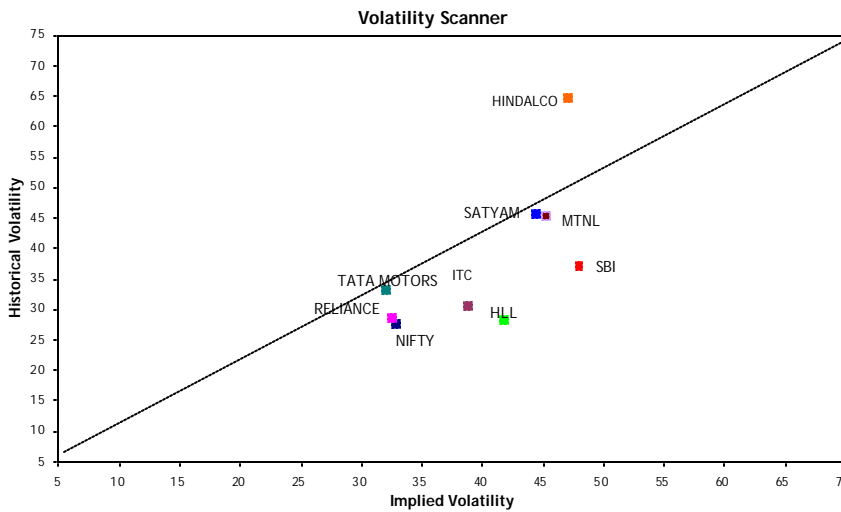
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
ICICIBank	Buy	5-Mar-07	820.7	-3%	The stock looks very attractive at current level and also there is a news of the company planning to transfer its subsidiary into to separate holding company called icici holdings. These factors should keep the counter in good humor.
Infosystch	Buy	2-Mar-07	2006.6	-7%	The stock pared 3% due a huge sell of in the last hour of the trade. We are bullish on the IT sector and we pick Infosys as our best pick as the stock has been a lagard compared to peers off late and also the news on MAT in the budget has been overplayed.
Suzlon	Buy	2-Mar-07	988.3	-8%	The stock was down close to 6% in line with weak markets. We feel with the markets expected to take a respite, a lot of buying can emerge at these levels.
JSW Steel	Closed Today	2-Mar-07	429.3	-11%	The counter has hit the stop loss and we suggest squaring off long positions.

Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Cinemax	Buy	15-Feb-07	152.4	20-Feb-07	174.1	14%
Suzlon	Buy	21-Feb-07	985.5	28-Feb-07	1052.1	7%
HCLTech	Buy	19-Feb-07	675.0	28-Feb-07	693.6	3%
NTPC	Buy	27-Feb-07	142.4	28-Feb-07	142.6	0%
ABirlaNuvo	Buy	5-Feb-07	1273.6	28-Feb-07	1251.4	-2%
Satyamcomp	Buy	27-Feb-07	459.2	28-Feb-07	450.5	-2%
ABB	Buy	19-Feb-07	3804.4	28-Feb-07	3693.2	-3%
M&M	Buy	2-Mar-07	805.2	5-Mar-07	770.8	-4%



- Maximum OI was added to 3700 call [increase of 46.1%] and 3700 put [increase of 5.2%]
- Maximum Volumes were witnessed by 3700 & 3800 Call and 3700 & 3800 Put.



Nifty IVs at 32%-33% levels

High IVs

- SBI IVs are quoting at 48% as against HV's of 37%
- HLL IVs are quoting at 42% as against HV's of 28%.
- ITC IV's are quoting at 39% as against HV's of 31%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Oil & Gas	153594	149515	2.73%	-4.8%
IT	92211	93652	-1.54%	-5.0%
Textile	23560	23986	-1.78%	-9.6%
Chemicals	10468	10723	-2.38%	-8.0%
Auto	52622	53910	-2.39%	-6.7%
Metals & Mining	95743	98192	-2.49%	-4.7%
Pharma	46132	47661	-3.21%	-5.0%
Power	30467	32072	-5.00%	-4.8%
Banking	146615	154527	-5.12%	-5.6%
Cement	39157	41275	-5.13%	-3.4%
FMCG	41852	44258	-5.44%	-4.9%
Telecom	62792	66754	-5.94%	-3.3%
Construction	40835	44421	-8.07%	-5.8%
Engineering & Capital Goods	49092	53535	-8.30%	-6.1%

- Amongst all the sectors, the Textile sector was down the most. Bombay Dyeing and Century Textiles were battered the most and were down 12% each.
- In the Chemical space, SRFL was the major loser which was down by 14% followed by Nagarjuna Fertilizer which pared 12%.
- In the Telecom sector, Voltas was down by 12% followed by Praj Industries down by 9%.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Ultratech Cement	14	285	(8.1)	180
Karnataka Bank	14	2,459	(2.8)	1
Crompton Greaves	11	561	(7.4)	29
HCL Tech	9	3,669	(3.8)	29
J & K Bank	9	141	(5.9)	543
Reliance	7	12,608	(4.3)	14
ABB Ltd	7	224	(5.4)	58
Tata Motors	5	4,003	(4.6)	45

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Patni Computer	(34)	250	(3.0)	57
Colgate Palmolive	(28)	793	2.1	168
Kotak Mahindra Bank	(20)	736	(3.9)	(20)
Indian Bank	(19)	977	(5.5)	(73)
BHEL	(15)	1,320	(4.3)	28
Power Finance Corp	(15)	5,321	(6.4)	8
Nagarjuna Construction	(13)	2,630	(3.9)	(44)
Cummins India	(13)	1,807	(4.4)	(7)

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Nagarjuna Fertilizers	(13.8)	(4)	33,586	42
Voltas	(12.3)	1	1,859	(34)
Bombay Dyeing	(11.8)	(9)	458	121
SRF Ltd	(11.7)	0	6,096	44
Century Textiles	(11.1)	(0)	7,054	(1)
IDBI	(10.9)	(6)	33,427	37
Bata India	(10.7)	0	1,322	(17)
TVS Motors	(10.7)	(4)	9,121	25

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
J & K Bank	543	118	(5.9)	9
Hinduja TMT	314	148	(9.6)	(5)
Maharashtra Seamless	262	200	(4.0)	(2)
Alok Industries	228	2,439	(6.6)	(8)
NTPC	191	5,616	(3.3)	(7)
Ultratech Cement	180	158	(8.1)	14
Colgate Palmolive	168	664	2.1	(28)
Jai Prakash Hydro	146	2,688	(5.7)	(0)

F&O CROSSOVER: -

Focus Stocks

- o Positives: - Nifty, ICICI Bank, Infosys, Satyam, Tatasteel
- o Negatives: HLL, MTNL, NTPC, ONGC, Reliance, TCS

Portfolio Tracker

5-Mar-07

Scrip	Reco	5-Mar-07 Score	2-Mar-07 Score	Reco Date	Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	1	(1)	5-Mar	3,577	3,577			3,398
ACC	Neu**	1	1	5-Mar	811	811			
GAIL	Neu**	(1)	(1)	1-Mar	281	255			
HLL	Sell	(1)	(1)	29-Jan	215	174	35	19.0%	183
HPCL	Sell	(1)	(5)	26-Feb	277	246	7	11.2%	259
ICICI Bank	Buy	1	(1)	5-Mar	822	822			780
Infosys	Buy	1	(1)	5-Mar	2,007	2,007			1,907
IPCL	Neu**	1	1	5-Mar	237	237			
Maruti	Sell	(1)	(5)	23-Feb	864	773	10	10.5%	812
MTNL	Sell	(3)	(3)	21-Feb	143	134	12	6.3%	140
NTPC	Sell	(1)	(1)	21-Feb	143	137	12	4.0%	144
ONGC	Sell	(3)	(3)	21-Feb	873	773	12	11.4%	812
Polaris	Neu**	1	1	5-Mar	157	157			
Reliance	Sell	(5)	(5)	1-Mar	1,368	1,259	4	7.9%	1,322
Satyam	Buy	1	(1)	5-Mar	414	414			393
SBI	Sell	(1)	(1)	20-Feb	1,108	963	13	13.1%	1,011
SCT	Sell	(1)	(1)	27-Feb	170	159	6	14.50%	160

o Nifty moves into Buy Mode due to its OI indicator turning Positive. Sell Reco made a return of 8.2%.

o ICICI Bank moves into Buy Mode due to its OI indicator turning Positive. Sell Reco made a return of 13.2%.

o Infosys moves into Buy Mode due to its OI indicator turning Positive. Sell Reco made a return of 13.3%.

- o Tatasteel 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 Budhraja - 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 - 2286 4432	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	Ravi Pilani - 4009 4533
		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