

DAILY MARKET OUTLOOK

Market Snapshot

Markets had opened the week's proceedings on a positive note, mirroring the firm trend in other Asian markets, Sensex opened with a positive gap of 49 points at 12,905 with buying being witnessed across all the sectors. Markets continued with their uni-directional journey as further gains were witnessed in the final hour of trade. The BSE Sensex closed at 13,178 (up 322 points) while the Nifty closed at 3,844 (up 92 points).

The NSE and BSE cash volumes were slightly lower compared to the previous day at INR 62 bn and INR 30 bn respectively. The F&O volumes were also lower at INR 237 bn.

Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has increased to 26-28% levels. The WPCR of Nifty Options increased to 1.15 compared to the previous 5 day average which is 0.77.

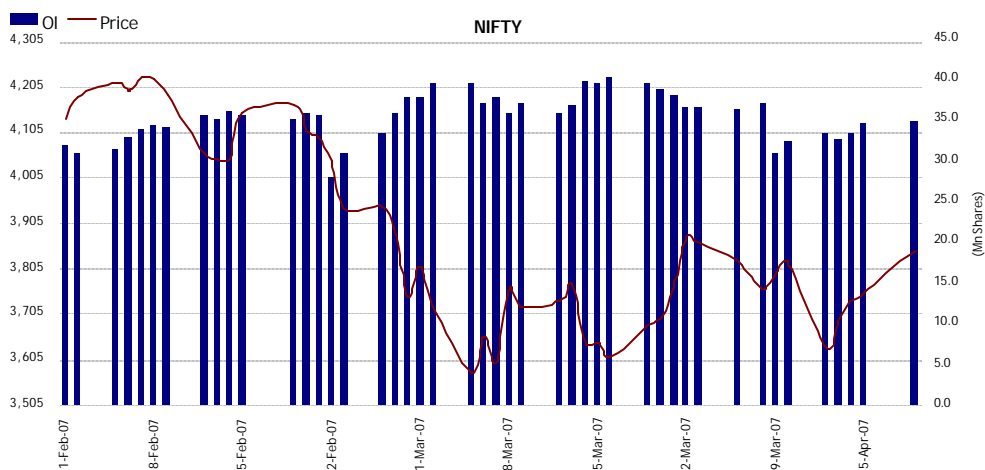
Outlook

The market will open flattish today in line with global markets and absence of any major news trigger. The Nifty is expected to cool down after the 200 point rally seen in last few trading sessions. We can see some profit booking to come in at current levels as markets continue to look for strong event before any movement.

Metals continued to gain strength at the LME and we continue to believe that metal stocks will continue to be market out performer. Auto stocks especially in the Four wheeler segment can show some weakness on the interest rate rise disturbing the demand coupled with increased raw material cost. After recovering yesterday, one can go short on Four-Wheeler counters at current levels today.

The Nifty is currently taking a resistance at the 60 DMA at 3843 and has shown a tendency of reversing from that average in the previous rally. Considering the volatility in the current phase of the market and the fact that the Nifty has already appreciated 210 points in the last four trading sessions, the probability of a profit booking in the coming days is high. We believe that it makes sense to chalk out an exit strategy within this pullback.

The Nifty has a resistance at 3865 followed by 3890 and the support levels are at 3820 followed by 3801



Market Snapshot

	9-Apr	5-Apr	% Chg
Nifty	3843.5	3752.0	2.4
Sensex	13177.7	12856.1	2.5
BSE MidCap	5419.7	5320.0	1.9
BSE SmallCap	6585.4	6456.4	2.0

Apr Futures

Average ICC (p.a)**	11.2%	6.6%	68.4
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Volume (INR mn)

	181,121	201,661	-10.2
Futures	28,274	26,246	7.7
Call	27,621	21,434	28.9
Put	237,016	249,341	-4.9
NSE Cash Vol.	62,869	69,462	-9.5
BSE Cash Vol.	30,928	31,779	-2.7

Open Interest (INR mn)

	344,781	331,214	4.1
Futures	65,767	62,727	4.8
Call	54,720	47,795	14.5
Put	465,269	441,736	5.3
Total			

Put Call Ratios

	1.04	0.87	20.3
PCR	0.97	0.82	18.4
WPCR	0.85	0.78	9.4
OI/PCR	1.96	1.77	10.8
Total OI/Volume			

Nifty IVs at 26 - 28% levels.

FII Activity* (INR Mn) (5-Apr)

Volume	Buy	Sell	Net
Cash	23,410	17,735	5,675
Index Futures	5,688	10,660	(4,972)
Stock Futures	4,889	3,367	1,522
Total	33,987	31,762	2,225
Open Interest	5-Apr	4-Apr	% Chg
Index Futures	133,338	128,512	3.8
Stock Futures	142,916	139,145	2.7
Total F&O OI	327,215	315,159	3.8
Mutual Fund Activity* (INR Mn) (5-Apr)			
Volume	Buy	Sell	Net
Equity	3,588	3,178	410

*FII & MF Data is reported a day late

** Avg of positive ICC's

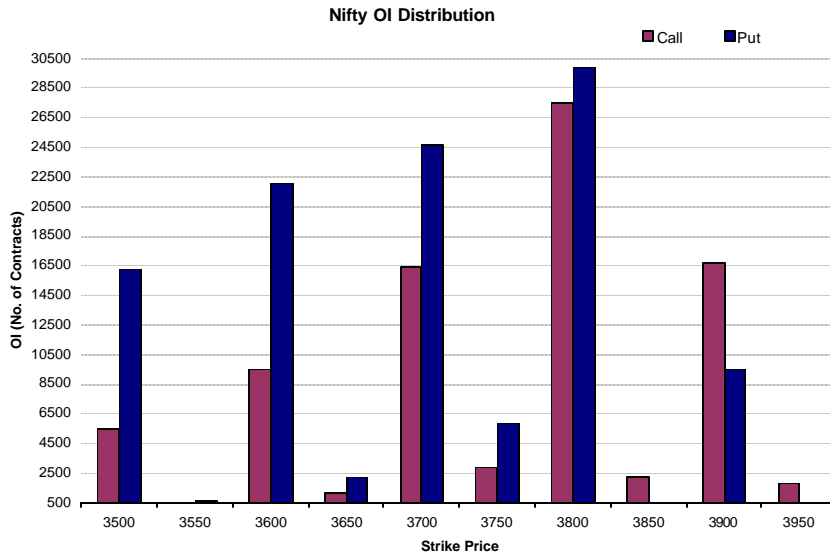
Note :- MF Cash Data for 4th April has not been reported.

Pending Calls

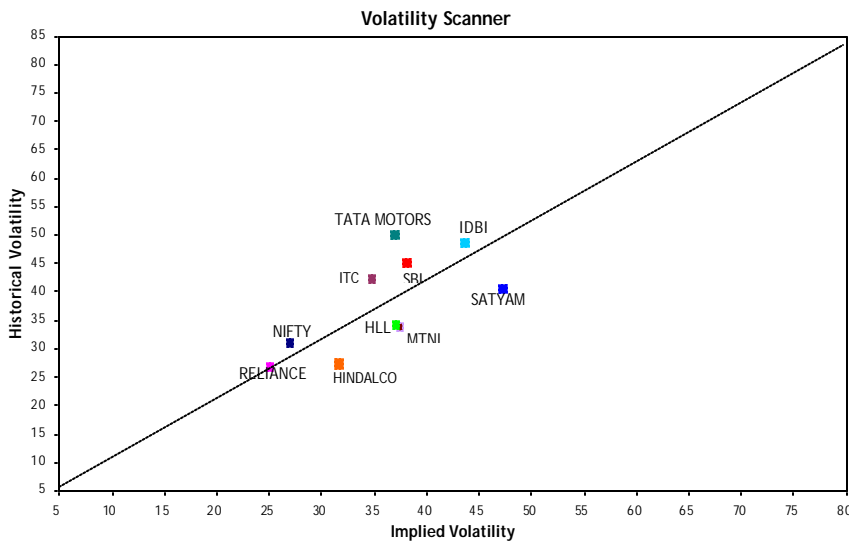
Scrp	Action	Date of Recommendation	Market Price	Returns	Rationale
SunPharma	Buy	10-Apr-07	1048.9	-	The stock is getting delisted on the 20th on account of demerger we expect the value unlocking to keep the stock in good humour.
Zee News	Buy	10-Apr-07	38.7	-	The stock has been in accumulation phase with the volumes steadily increasing and has broken the intermediate resistance at INR 38.2. Buy for a target of 44.85
Karnataka Bank	Buy	10-Apr-07	173.3	-	The stock has taken support at 60 DMA. Further bullishness is apparent in the shaven headed bullish candle yesterday. The RSI oscillator has also given a buy signal. Buy with a target of 189.
Lupin	Closed Today	12-Mar-07	633.9	9%	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.
STER	Buy	4-Apr-07	470.6	8%	With strong Base metals prices on the LME we expect the counter to be in good humour.
Matrixlabs	Buy	29-Mar-07	177.8	5%	The stock closed on a marginal negative note on low volumes. We remain bulish on the pharma sector and suggest staying invested.
Sail	Buy	9-Apr-07	118.3	3%	The underlying trend is bullish and has been consoistently outperforming the market even during the feb crash. This closely indicates inherent strength as it is consolidating above its 13 DMA and got a positive trigger in the stochastic oscillator.
REL	Buy	9-Apr-07	512.8	2%	The stock gave a strong buy signal by breaking its intermediate resistance at INR 499 on strong volumes. Buy for a target of 533 with a stop loss of 485.
RCOM	Buy	22-Mar-07	415.6	1%	With the reduction in ADC by 37% and expected short covering make this stock an attractive BUY at current levels.
Ranbaxy	Buy	9-Apr-07	351.1	1%	Pharma continues to be the market outperformer. The stock made a flag pattern in the previous week. The stock furthe took support consistently at its 13 DMA. Technical charts indicate accumulate with a price target of 370 and stop loss of 336.

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%
Auropharma	Buy	29-Mar-07	648.2	2-Apr-07	679.5	5%
JetAirways	Sell	4-Apr-07	632.6	9-Apr-07	627.4	1%
BajajAuto	Sell	3-Apr-07	2307.0	9-Apr-07	2307.7	0%
Maruti	Sell	3-Apr-07	749.3	9-Apr-07	755.7	-1%
HindLever	Sell	5-Apr-07	197.8	9-Apr-07	200.0	-1%
OrientBank	Sell	4-Apr-07	178.0	9-Apr-07	186.3	-4%



- Maximum OI increase was in the 3900 Call [increase of 7.5%], 4000 Call [increase of 6.8%] and 3800 Put [increase of 25.4%].
- Maximum Volumes were witnessed by 3700 & 3800 Call and 3700 & 3800 Put.



Nifty IVs at 26-28% levels

High IVs

- Hindalco IV's are quoting at 32% as against HV's of 27%.
- Satyam IV's are quoting at 47% as against HV's of 40%.
- HLL IV's are quoting at 37% as against HV's of 34%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Chemicals	9973	9072	9.93%	4.4%
Construction	34233	32783	4.42%	3.9%
Pharma	38388	37043	3.63%	1.8%
Textile	18556	18122	2.39%	2.8%
Banking	148276	144835	2.38%	3.2%
Power	31234	30524	2.33%	2.2%
Metals & Mining	80357	78576	2.27%	1.9%
Engineering & Capital Goods	66384	65178	1.85%	2.7%
FMCG	35451	34912	1.55%	2.1%
Cement	42466	41968	1.19%	4.6%
Oil & Gas	128697	127925	0.60%	1.6%
Auto	55447	55463	-0.03%	2.0%
IT	91257	91948	-0.75%	1.6%
Telecom	62088	63257	-1.85%	2.5%

- Amongst all the sectors, the Cement sector was up the most. India Cement saw a lot of buying interest with a 7% rise in price followed by Ultratech Cement which was up close to 6%.
- In the Chemicals space, SRF was up 17% with a 11% rise in OI followed by Gujarat Alkalies which gained about 7%.
- In the Construction arena, Parsvanath saw a huge long build with a 7% rise in price and OI followed by Sobha Developers which gained close to 5%.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Karnataka Bank	41	1,648	3.8	457
Crompton Greaves	40	451	2.2	33
Bharat Earth Movers	33	256	0.4	30
Strides Arcolab	28	204	1.6	602
Gujarat Alkalies	26	1,936	6.8	739
Chennai Petroleum	23	29	1.6	(27)
Divi's Lab	21	543	5.8	54
Sobha Developers	20	821	5.3	96

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Wockhardt	(13)	437	4.7	212
Bajaj Hindustan	(11)	2,065	1.5	37
RCOM	(7)	14,776	5.0	(9)
Oriental Bank	(6)	2,932	2.6	(19)
CNX IT	(5)	6	2.1	89
GMR Infrastructure	(5)	2,725	2.2	(37)
Maruti	(4)	2,152	4.4	5
Siemens	(4)	1,315	3.8	19

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
SRF Ltd	17.2	11	6,350	917
UTI Bank	10.6	2	1,104	107
IDFC	9.1	4	14,679	153
Praj Industries	7.5	4	5,548	35
Kotak Mahindra Bank	7.2	8	1,125	326
Parsvnath Developers	7.0	6	5,030	41
India Cements	7.0	(1)	15,157	15
Gujarat Alkalies	6.8	26	1,936	739

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
SRF Ltd	917	9,195	17.2	11
McDowell & Co	777	224	2.7	4
Gujarat Alkalies	739	1,915	6.8	26
Strides Arcolab	602	245	1.6	28
Bata India	570	985	4.3	7
Karnataka Bank	457	2,429	3.8	41
Kotak Mahindra Bank	326	1,612	7.2	8
LIC Housing Finance	321	651	3.5	5

F&O CROSSOVER: -

Focus Stocks

- o Positives: Nifty, GAIL, ICICI Bank, ONGC, Polaris, SBI, Tata Steel
- o Negatives: ACC, HPCL, Infosys, NTPC, Reliance, Tata Motors.

Portfolio Tracker

9-Apr-07

Scrip	Reco	9-Apr-07 Score	5-Apr-07 Score	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	3	3	28-Mar	3,761	3,844	12	2.2%	3,651
ACC	Sell	(1)	(1)	21-Mar	753	742	19	1.5%	740
GAIL	Buy	3	3	9-Apr	292	292			277
HLL	Buy	3	3	4-Apr	198	205	5	3.5%	194
HPCL	Sell	(1)	(1)	3-Apr	244	254	6	-4.4%	256
ICICI Bank	Buy	1	1	5-Apr	839	858	4	2.3%	815
Infosys	Sell	(5)	(5)	9-Mar	2,121	2,048	31	3.5%	2,019
IPCL	Buy	3	3	13-Mar	265	274	27	3.4%	260
Maruti	Sell	(3)	(3)	23-Mar	841	789	17	6.1%	783
MTNL	Sell	(1)	(1)	9-Apr	154				161
NTPC	Sell	(1)	(1)	5-Apr	159	159	4	-0.3%	167
ONGC	Buy	5	5	3-Apr	844	871	6	3.3%	828
Polaris	Buy	3	1	2-Apr	171	172	7	0.2%	163
Reliance	Sell	(1)	1	9-Apr	1,384				1,454
Satyam	Buy	1	5	3-Apr	461	462	6	0.3%	439
SBI	Buy	3	1	5-Apr	948	989	4	4.3%	939
SCI	Neu**	(1)	(3)	5-Apr	161	163			
TCS	Sell	(1)	(1)	23-Mar	1,288	1,217	17	5.5%	1,249
Tata Motors	Sell	(1)	(1)	5-Apr	686	704	4	-2.6%	720
Tatasteel	Buy	3	1	5-Apr	466	493	4	6.0%	469

Buy/ Sell/ Neutral = 10/9/1

o GAIL moves into Buy Mode from Neutral Mode.

o MTNL hits the Stop Loss and moves into Neutral Mode.

o Reliance moves into Sell Mode due to its PCR & WPCR indicators turning Negative.

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.

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	Monil Bhak	- 2286 4363
Sumeet Budhraj	- 2286 4430	FMCG	Ashish Agrawal	- 2286 4301
Harish Sharma	- 2286 4307	Infrastructure, Auto Components, Mid Caps	Nikhil Garg	- 2286 4282
Priyanko Panja	- 2286 4300	Infrastructure, Engineering, Telecom	Swati Khemani	- 2286 4266
Hitesh Zaveri	- 2286 4424	Information Technology	Neha Shahra	- 2286 4276
Parul Inamdar	- 2286 4355	Information Technology	Priya Ramchandran	- 2286 4389
Priyank Singhal	- 2286 4302	Media, Retail	Anubhav Kanodia	- 2286 4361
Prakash Kapadia	- 4097 9843	Mid Caps	Tushar Mahajan	- 2286 4439
Niraj Mansingka	- 2286 4304	Oil & Gas, Petrochemicals	Harsh Biyani	- 2286 4419
Nimish Mehta	- 2286 4295	Pharmaceuticals, Agrochemicals	Nirmal Ajmera	- 2286 4258
Manika Preamsingh	- 4019 4847	Economist	Ankit Doshi	- 2286 4671
Sunil Jain	- 2286 4308	Alternative & Quantitative	Dipesh Shah	- 2286 4434
Yogesh Radke	- 2286 4328	Alternative & Quantitative		

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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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