

## **MARKETS TO RALLY AHEAD ON STRONG FII BUYING**

The markets witnessed a small up move through the week with the NIFTY closing at 5449 levels on the back of moderately positive global news flows from the US and Europe.

We continue to believe that markets are likely to remain range bound in the near term but with good buying coming in from FIIs there is a strong possibility of the index crossing 5500 levels soon. Globally also the results of the stress tests in Europe have been by and large moderately positive with only seven of 91 European banks flunking the "stress tests" aimed at clearing up market fears about the strength of the continent's banking system amid the debt crisis

Seven European banks would not be strong enough to withstand another recession and would face a capital shortfall of 3.5 billion euros (\$4.5 billion).

From a pure valuation basis, corporate results for Q1 FY2010-11 have been much ahead of broad market expectations with sectors like Banking, Auto Components, Capital Goods, and Power Equipments showing strong profit growth.

In important corporate news next week, the Q1 results of Reliance will be awaited strongly on this Tuesday while the forthcoming credit policy on the 27th July 2010 will be eagerly awaited by the market on whether interest rates will be tweaked up further.

We continue to remain positive on the markets and suggest maintaining long positions on the NIFTY with the support coming at 5353, which is the immediate previous bottom. On the upside, the NIFTY has a resistance at around 5515 in the near term.

## Economy News

In the second week of July, the prices of primary articles remained almost firm at the current levels. The index of primary articles recorded a price rise of 16.48% (YoY) as compared to 16.25% in the previous week on account of a marginal rise of 0.6% in the prices of food articles. Specifically the items which recorded a price hike were poultry chicken (6%), condiments & spices (3%) and milk, gram, fish-inland and fruits & vegetables (1% each). On the positive side, the prices of non-food articles declined marginally due to lower prices of raw cotton. The index of fuel also remained unchanged at the current levels; recording a YoY growth of 14.27%.

## Corporate News

**GVK plans to acquire majority stake in BIAL**

GVK Power and Infrastructure Ltd, which owns a 29 per cent stake in Bangalore International Airport Ltd, or BIAL, is looking to strengthen its grip. The second-largest shareholder in BIAL, it aims to increase its holding by acquiring other stakes held by shareholders who will be completing their three-year lock-in period in a few months. According to BIAL COO Hari Marar, the group is eyeing Siemens Project Ventures' 40 per cent stake in BIAL. For this, GVK plans to enter into an understanding with Siemens on buying the stake at a future date at a predetermined price. GVK had earlier shown interest in investing Rs 4,000-4,500 crore to modernise and expand the facility. Marar was speaking on the sidelines of an event organised by the All India Management Association. GVK had acquired a 17 per cent stake in BIAL from India's largest engineering firm, Larsen and Toubro Ltd (L&T), in December 2009 for Rs 686 crore. In November, GVK had acquired 12 percent of Zurich Airport's stake in BIAL for Rs 484.6 crore. Both the deals priced BIAL shares at Rs 105 apiece.

**ArcelorMittal, Uttam Galva may jointly build Rs. 15,000 crore plant**

The world's largest steel maker ArcelorMittal is understood to be jointly working with its domestic partner Uttam Galva for setting up a Rs 15,000-crore steel plant in Maharashtra. The companies are in the process of setting up a 3 million tonnes per annum (MTPA) steel plant at Satarda in Maharashtra. Mecon recently prepared the feasibility report for the project. The proposed plant will come up in two phases of 1.5 MTPA each. Uttam Galva, the country's largest galvanised steel producer in India, already runs a 1-million tonne specialised steel products mill at Khopoli in Raigad district of Maharashtra. It imports the vital hot-rolled coil to make galvanised steel, which is used by automobile customers. Uttam Galva also imports inputs from its partner ArcelorMittal.

### **BHEL bags Rs. 2,665 crore order from Danik Bhaskar Power**

The state-run power equipment major BHEL on Monday said it has bagged a Rs 2,665-crore order from Danik Bhaskar Power (DBPL) to set up a 1,200-mw thermal plant in Chhattisgarh. The scope work includes supplying and installing the main plant package for DBPL's upcoming coal-based power project at Baradarha in Janjgir district of Chhattisgarh. The company would be responsible for design, engineering, manufacture, supply, erection, testing and commissioning of boilers, steam turbines and turbo-generators along with state-of-the-art controls and instrumentation and other associated auxiliaries. The project would be of two units of 600-mw each. The company has so far secured orders of 17 units of 600 mw sets.

### **India's largest carmaker Maruti fights falling market share**

There is a lot of action at Maruti Suzuki head office in South Delhi as top officials are holding a series of meetings and brainstorming sessions to find a way to check a steady slide in its market share. The share of the country's largest carmaker slipped below 50% for the first time in several years when it reported a 47% market share for the January-June period. The credit for this goes to a slew of cars that stormed the market at highly competitive prices from the world's cheapest car Tata Nano to Ford Figo, GM Beat and Hyundai i20. With India emerging one of the hottest destinations for global carmakers, Maruti has its task cut out. The company is already on its feet, or rather wheels, to tackle the onslaught, says R C Bhargava, chairman of Maruti Suzuki. "The lower cost of ownership of our vehicles will offset competitors' aggressive pricing tactics." It has swiftly installed some manual lines, added extra shifts in factories and made the paint shop operate 24/7 to keep pace with the demand and reduce waiting period for delivery of its popular models. Maruti has also set aside close to Rs 3,000 crore to increase its manufacturing capacity by 200,000 units to 1.2 million cars by 2011 and build a new research and development facility at Rohtak, which will be Suzuki's R&D hub for Asia operations.

### **ONGC keen to buy BP's stake in Vietnam project**

Oil and Natural Gas Corp wants to buy BP's stake in an offshore Vietnam gas field, as Hanoi stressed BP must give priority to its partners in the sale of its energy assets. ONGC has a 45 percent share in Block 6.1 in the Nam Con Son basin, off Vietnam's southeast coast, which is operated by BP with a 35 percent stake, ONGC's website shows. Vietnam's deputy minister of industry and trade Do Huu Hao earlier said BP must give priority to its partners in sales of stakes in energy assets in Vietnam before making offers to outside parties. The interest, which comprises stakes in the Lan Tay and Lan Do gas fields, the Nam Con Son pipeline and the Phu My power generation project, is worth \$966 million. BP has kicked off a \$10 billion asset sale aimed at raising cash to pay for its Gulf of Mexico oil spill. On Tuesday, it said it planned to sell gas assets in



Pakistan and Vietnam worth around \$1.7 billion. BP shares were up 3.2 percent by 1220 GMT in a strong market.

### **Infy's Rs. 2,500 crore SEZ operations by next March**

Indian IT bellwether Infosys is investing around Rs 2,500 crore to set up its seventh SEZ in Sarjapur near Bangalore, the company CEO said recently. The SEZ would have around 18,000 seats and will be operational by end-March 2011. Infosys has acquired 202 acres of land in Sarjapur, near Bangalore, to build an SEZ. The total investment earmarked for the project is Rs 2,500 crore and work is expected to begin in August- September this year. The project is likely to get operational by March-end 2011 and the facility is expected to generate 18,000 employment opportunities. This would be the company's seventh SEZ project. It presently has facilities in Jaipur, Chennai, Chandigarh, Pune, Mangalore and Thiruvananthapuram. The IT major plans to expand its seat capacity in these centres by 25,000 in the current fiscal.

**EVENTS**

Date	Country	Event	Time	Survey	Prior
26/07/2010	UK	Hometrack Housing Survey (MoM) (JUL)	4:31	- -	0.10%
	Japan	Merchnds Trade Exports YoY (JUN)	5:20	23.5	32.1
	Japan	Merchnds Trade Imports YoY (JUN)	5:20	24.7	33.4
	USA	Chicago Fed Nat Activity Index (JUN)	18:00	- -	0.21
	USA	New Home Sales (JUN)	19:30	320K	300K
27/07/2010	India	India REPO Cutoff Yld (27-Jul)	11:15	5.75%	5.50%
	India	Reverse Repo Rate (27-Jul)	11:15	4.25%	4.00%
	India	Cash Reserve Ratio (27-Jul)	11:15	6.00%	6.00%
	Europe	Euro-Zone M3 s.a. (YoY) (JUN)	13:30	-0.10%	-0.20%
	USA	S&P/CaseShiller Home Price Ind (MAY)	18:30	- -	144.56
	USA	Consumer Confidence (JUL)	19:30	52	52.9
28/07/2010	USA	ABC Consumer Confidence (25-Jul)	2:30	- -	-45
	USA	MBA Mortgage Applications (23-Jul)	16:30	- -	7.60%
	USA	Durable Goods Orders (JUN)	18:00	0.80%	-0.60%
29/07/2010	India	Primary Articles WPI YoY (17-Jul)	12:00	- -	16.48%
	India	Fuel Power Light WPI YoY (17-Jul)	12:00	- -	14.27%
	UK	Net Consumer Credit (JUN)	14:00	0.2B	0.3B
	UK	Mortgage Approvals (JUN)	14:00	48.0K	49.8K
	UK	M4 Money Supply (MoM) (JUN F)	14:00	- -	0.00%
	Europe	Business Climate Indicator (JUL)	14:30	- -	0.37
	USA	Initial Jobless Claims (24-Jul)	18:00	- -	464K
	USA	Continuing Claims (17-Jul)	18:00	- -	4487K
30/07/2010	Japan	Nomura/JMMA Manufacturing PMI (JUL)	4:45	- -	53.9
	Japan	Natl CPI YoY (JUN)	5:00	-0.70%	-0.90%
	Japan	Industrial Production YOY% (JUN P)	5:20	18.80%	20.40%
	Japan	Housing Starts (YoY) (JUN)	10:30	2.20%	-4.60%
	Europe	Euro-Zone Unemployment Rate (JUN)	14:30	10.00%	10.00%
	Europe	Euro-Zone CPI Estimate (YoY) (JUL)	14:30	1.90%	1.40%
	USA	GDP QoQ (Annualized) (2Q A)	18:00	2.50%	2.70%
	USA	Personal Consumption (2Q A)	18:00	2.30%	3.00%
	USA	GDP Price Index (2Q A)	18:00	1.10%	1.10%
	USA	Core PCE QoQ (2Q A)	18:00	1.00%	0.70%
	USA	Employment Cost Index (2Q)	18:00	0.50%	0.60%
	USA	U. of Michigan Confidence (JUL F)	19:25	67.5	66.5

## MARKET INDICATORS

Indices	23.07.10	16.07.10	Change	% Change
<b>NIFTY</b>	5449.10	5393.90	55.20	1.02
<b>SENSEX</b>	18130.98	17955.82	175.16	0.98
<b>BSE MIDCAP</b>	7433.24	7397.78	35.46	0.48
<b>BSE SMLCAP</b>	9439.32	9443.41	-4.09	-0.04
<b>BSE-100</b>	9668.74	9586.39	82.35	0.86
<b>BSE-200</b>	2304.98	2287.54	17.44	0.76
<b>BSE-500</b>	7276.57	7223.77	52.80	0.73
<b>BSE IPO</b>	2131.44	2119.53	11.91	0.56

## SECTORAL INDICES

Indices	23.07.10	16.07.10	Change (Pts)	% Change (%)
<b>BSE METAL</b>	15515.62	14910.06	605.56	4.06
<b>BSE CAP GOODS</b>	15331.18	15009.95	321.23	2.14
<b>BSE CONS DURA</b>	5270.42	5182.83	87.59	1.69
<b>BSE PSU</b>	9526.51	9389.23	137.28	1.46
<b>BSE AUTO</b>	8413.35	8336.87	76.48	0.92
<b>BSE BANKEX</b>	11490.73	11395.74	94.99	0.83
<b>BSE TECK</b>	3419.34	3394.33	25.01	0.74
<b>BSE REALTY</b>	3485.59	3460.80	24.79	0.72
<b>BSE POWER</b>	3167.45	3156.32	11.13	0.35
<b>BSE IT</b>	5473.39	5459.44	13.95	0.26
<b>BSE OIL&amp;GAS</b>	10534.08	10523.09	10.99	0.10
<b>BSE FMCG</b>	3216.46	3224.60	-8.14	-0.25
<b>BSE HEALTH CARE</b>	5629.25	5729.30	-100.05	-1.75

## WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
TATA STEEL	536.10	5.28
HINDALCO	158.00	5.23
BHARTI	313.70	5.02
STERLITE	173.80	4.64
M & M	627.00	3.79

Top Losers		
Company	Price	Loss %
HUL	261.50	-1.71
MARUTI	1358.25	-1.54
JP ASSO	128.60	-1.46
REL INFRA	1135.85	-1.35
HERO HONDA	1957.90	-1.05

**WEEKLY: A - GROUP GAINERS & LOSERS**

Top Gainers		
Company	Price	Gain %
CENTRAL BANK	157.80	10.89
ALSTOM PROJE	704.65	10.68
MMTC	30012.95	9.60
JSW STEEL	1194.65	8.53
UCO BANK	91.10	8.19

Top Losers		
Company	Price	Loss
DR.REDDY'S	1364.90	-7.70
IRB INFRA	260.30	-6.06
GTL INFRAST	432.15	-6.03
GTL	432.15	-6.03
RENUKA	65.85	-5.39

**ADVANCE -DECLINE**

BSE 30 Companies	
Positive	21
Negative	9
Unchanged	0
Total	30

A GROUP COMPANIES	
Positive	101
Negative	1
Unchanged	94
Total	196

**WORLD INDICES**

INDEX	23.07.10	16.07.10	Change	% Change
<b>NIFTY</b>	5449.10	5393.90	55.20	1.02
<b>SENSEX</b>	18130.98	17955.82	175.16	0.98
<b>DJIA</b>	10424.62	10097.90	326.72	3.24
<b>NASDAQ</b>	2269.47	2179.05	90.42	4.15
<b>FTSE</b>	5312.62	5158.85	153.77	2.98
<b>NIKKEI</b>	9430.96	9408.36	22.60	0.24
<b>BOVESPA</b>	66322.99	62339.27	3983.72	6.39
<b>SHANGHAI</b>	2572.03	2424.27	147.76	6.10
<b>KOSPI</b>	1758.06	1738.45	19.61	1.13
<b>HANG SENG</b>	20815.33	20250.16	565.17	2.79
<b>STRAITS TIMES</b>	2973.47	2957.72	15.75	0.53



## BSE 200 Group

Scripts	CMP (Rs)	Weekly % Chg
<b>Gainers</b>		
UNITEDBREW	284.65	27.56
BF UTILITIES	951.15	19.63
ALSTOM PROJE	704.65	10.68
M M T C	30012.95	9.60
JSW STEEL	1194.65	8.53
<b>Losers</b>		
DR.REDDY'S	1364.90	-7.70
NIIT	66.40	-7.46
IRB INFRA	260.30	-6.06
GTL	432.15	-6.03
RENUKA	65.85	-5.39

## US Listings

Scripts	Close (\$)	Weekly % Chg
<b>NYSE</b>		
Dr Reddy	28.73	-7.92
HDFC Bank	152.71	5.96
ICICI Bank	39.32	4.52
MTNL	2.87	5.13
Patni	24.07	6.32
Satyam	5.01	-0.40
SLT	15.11	10.21
Tata Motors	18.87	4.43
TCL	12.23	1.58
WIPRO	13.28	7.62
<b>NASDAQ</b>		
Infosys	60.18	3.21



## STATY LONG WITH THE STOP LOSS OF 5353

In last week's report we had mentioned that caution is advised on account of negative divergence on the daily chart of Nifty and a sustained trading below 5335 would threaten the ongoing positive trend. Fortunately, Nifty, after making a low of 5353 on Tuesday, saw a sharp rebound in the subsequent sessions and even crossed the previous high of 5453 on Friday by touching a high of 5477.50 intraday and finally settled at 5449, up 1% week-on-week.

Nifty, by not breaking the trend-line support at 5335 and crossing the previous top of 5453 has shown good amount of strength. In light of this, one can maintain long positions and can even initiate fresh longs with the stop loss of 5353, which is the immediate previous bottom as shown in the daily chart below. On the upside, the trend-line adjoining tops of January and April 2010 presents a resistance around 5515 as shown in the weekly chart of Nifty below, and will be the immediate target for the benchmark. A sustained crossover of 5515 would be a significant breakout and would lead the Nifty to next level of around 5670, where the trend-line adjoining tops of October 2009 and January 2010, presents a resistance as shown in the weekly chart below

NIFTY [N1] 5441.90, 5477.50, 5435.15, 5449.10, 773661184 0.13%  
Price



NIFTY [N1] 5392.70, 5477.50, 5353.60, 5449.10, 3183503616 1.02%  
Price



**SUPPORT-RESISTANCE LEVELS FOR FORTHCOMING WEEK (Next Week)**

Stock	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
A.C.C.	819.95	818.98	832.97	845.98	805.97	791.98
ABB LTD.	838.70	837.25	869.95	901.20	806.00	773.30
AMBUJACEM	115.00	112.80	118.10	121.20	109.70	104.40
AXISBANK	1389.95	1371.32	1407.63	1425.32	1353.63	1317.32
BHARAT PETRO	632.10	643.92	657.58	683.07	618.43	604.77
BHARTIARTL	313.80	303.87	315.73	317.67	301.93	290.07
BHEL	2460.20	2435.63	2481.27	2502.33	2414.57	2368.93
CAIRN	326.45	322.38	334.52	342.58	314.32	302.18
CIPLA	325.55	327.25	330.30	335.05	322.50	319.45
DLF	322.50	322.25	331.25	340.00	313.50	304.50
DR.REDDY	464.85	459.48	482.77	500.68	441.57	418.28
GAIL	1827.50	1829.50	1848.00	1868.50	1809.00	1790.50
GRASIM IND.	372.80	373.35	380.10	387.40	366.05	359.30
HCL TECHNOLO	2038.60	2049.77	2077.53	2116.47	2010.83	1983.07
HDFC BANK	1950.65	1949.60	1979.10	2007.55	1921.15	1891.65
HERO HONDA	158.10	155.13	162.27	166.43	150.97	143.83
HINDALCO	261.95	263.53	267.52	273.08	257.97	253.98
HINDUNILVR	2993.45	3011.97	3068.48	3143.52	2936.93	2880.42
HOUS DEV FIN	912.85	905.55	928.10	943.35	890.30	867.75
ICICI BANK	68.65	66.73	70.07	71.48	65.32	61.98
IDEA	192.25	192.27	195.98	199.72	188.53	184.82
INFOSYS TECH	2786.45	2794.52	2861.98	2937.52	2718.98	2651.52
ITC	301.65	289.82	313.23	324.82	278.23	254.82
LT EQ	639.90	637.53	660.37	680.83	617.07	594.23
MAH & MAH	128.70	129.28	131.92	135.13	126.07	123.43
MARUTI	1937.85	1913.08	1969.82	2001.78	1881.12	1824.38
NATION ALUMI	627.90	621.30	647.60	667.30	601.60	575.30
NTPC EQ	1358.20	1362.73	1390.47	1422.73	1330.47	1302.73
ONGC CORP.	202.00	201.97	206.03	210.07	197.93	193.87
PNB	1259.95	1262.95	1279.80	1299.65	1243.10	1226.25
POWERGRID	1050.70	1058.23	1074.47	1098.23	1034.47	1018.23
RANBAXY LAB.	101.00	100.93	102.77	104.53	99.17	97.33
RCOM	447.70	450.63	457.07	466.43	441.27	434.83
REL EQ	188.75	189.40	193.80	198.85	184.35	179.95
REL.CAPITAL	795.30	805.43	814.87	834.43	785.87	776.43
RELIANCE	1060.45	1059.65	1071.70	1082.95	1048.40	1036.35
RPL	1137.45	1141.47	1154.93	1172.42	1123.98	1110.52
SIEMENS	173.25	173.18	175.17	177.08	171.27	169.28
STATE BANK	727.90	726.28	741.42	754.93	712.77	697.63
STEEL AUTHOR	2496.80	2472.77	2527.78	2558.77	2441.78	2386.77
STER EQ	206.85	203.68	211.82	216.78	198.72	190.58
SUN PHARMA.	174.00	171.90	180.80	187.60	165.10	156.20
SUZLON	1740.50	1733.90	1770.50	1800.50	1703.90	1667.30
TATA POWER	59.45	59.63	60.52	61.58	58.57	57.68
TATA STEEL	1323.60	1327.10	1336.20	1348.80	1314.50	1305.40
TATACOMM	535.65	528.85	555.70	575.75	508.80	481.95
TATAMOTORSEQ	838.40	831.45	853.90	869.40	815.95	793.50
TCS EQ	839.30	837.52	851.78	864.27	825.03	810.77
UNITECH LTD	84.20	83.83	88.17	92.13	79.87	75.53
WIPRO	412.45	413.18	429.72	446.98	395.92	379.38

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