

# DAILY MARKET OUTLOOK

## Market Snapshot

The sell-off on Wall Street and the Asian markets saw the Sensex open with a negative gap of 289 points at 12,694. The index soon dropped to a low of 12,504 - down 479 points from the previous close. Lack of buying interest saw the Sensex finally close with a loss of 453 points (3.5%) at 12,530. Nifty lost 3.4% to close at 3641.

The NSE and BSE cash volumes were slightly higher compared to the previous day at INR 86 bn and INR 43 bn respectively. The F&O volumes were also higher at INR 316 bn.

## Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has slightly decreased to 34% levels. The WPCR of Nifty Options increased to 1.07 compared to the previous day while the 5 day average is 0.93.

## Outlook

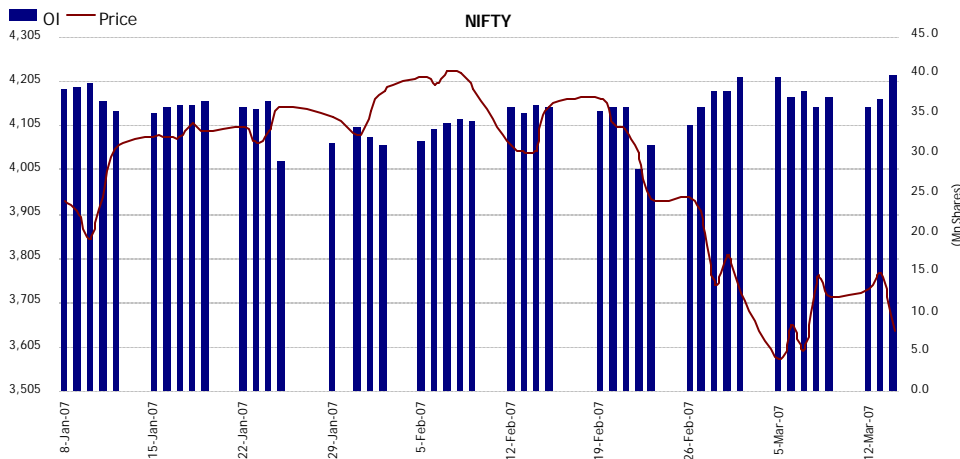
The markets are expected to open with a positive gap on the back of recovering global cues and expected short covering in the domestic markets. However, the pullback can be short lived as more shorts can come in with investors shorting the Nifty above the level of 3730.

FII's have been net sellers to the tune of INR 15,000 Mn in Index futures and only INR 2,800 Mn in stock futures in the last two trading sessions. The cautious outlook observed in taking new positions in single stocks will continue as the markets wait for a clear direction. Nifty OI is at all time high with 39.9 Mn shares underlining of which nearly 8% of the fresh position got built yesterday. Nifty futures discount got expanded from 12pt to 42points yesterday indicating aggressive shorts getting built up. We expected short covering to be witnessed if market sustains above the opening gap.

Though we are bearish on the cement segment we recommend buying in some specific counters like India Cement, Grasim, and ACC on the back of short covering at current levels.

Yesterday, the Nifty managed to sustain above the 3627 despite falling a few ticks below that level intraday. As mentioned earlier the markets will continue to be sandwiched between the levels of 200 DMA and 13 DMA and a clear cut direction would emerge only after one of the averages is breached decisively. Until then the Nifty will remain to be range bound.

The range between 3623 continues to be important and immediate support for the Nifty followed by 3591. The current resistance levels for Nifty are at 3701 and 3758.



## Market Snapshot

	14-Mar	13-Mar	% Chg
Nifty	3641.1	3770.6	-3.4
Sensex	12529.6	12983.0	-3.5
BSE MidCap	5246.3	5353.8	-2.0
BSE SmallCap	6324.2	6434.9	-1.7

## Mar Futures

Average ICC (p.a)**	6.6%	9.4%	-30.6
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## Volume (INR mn)

	258,306	227,395	13.6
Futures	29,665	27,037	9.7
Call	28,053	21,360	31.3
Put	316,024	275,793	14.6
Total	86,701	81,328	6.6
NSE Cash Vol.	43,032	41,925	2.6
BSE Cash Vol.			

## Open Interest (INR mn)

	361,293	362,658	-0.4
Futures	103,732	105,398	-1.6
Call	80,844	87,326	-7.4
Put	545,869	555,382	-1.7
Total			

## Put Call Ratios

	0.96	0.81	19.5
PCR	0.94	0.77	22.4
WPCR	0.80	0.85	-5.8
OI PCR	1.73	2.01	-14.2
Total OI/ Volume			

## Nifty IVs at 34 - 34% levels.

## FII Activity\* (INR Mn) (13-Mar)

Volume	Buy	Sell	Net
Cash	16,414	17,254	(840)
Index Futures	6,689	10,878	(4,189)
Stock Futures	3,391	4,131	(740)
Total	26,494	32,263	(5,769)
Open Interest	13-Mar	12-Mar	% Chg
Index Futures	137,729	130,485	5.6
Stock Futures	156,093	153,132	1.9
Total F&O OI	382,097	368,657	3.6

## Mutual Fund Activity\* (INR Mn) (13-Mar)

Volume	Buy	Sell	Net
Equity	3,342	3,477	(135)

\*FII & MF Data is reported a day late

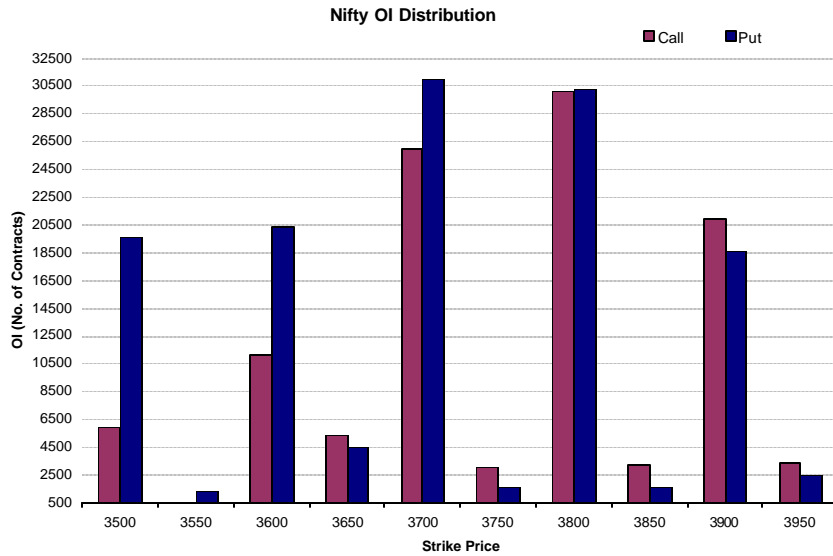
\*\* Avg of positive ICC's

## Pending Calls

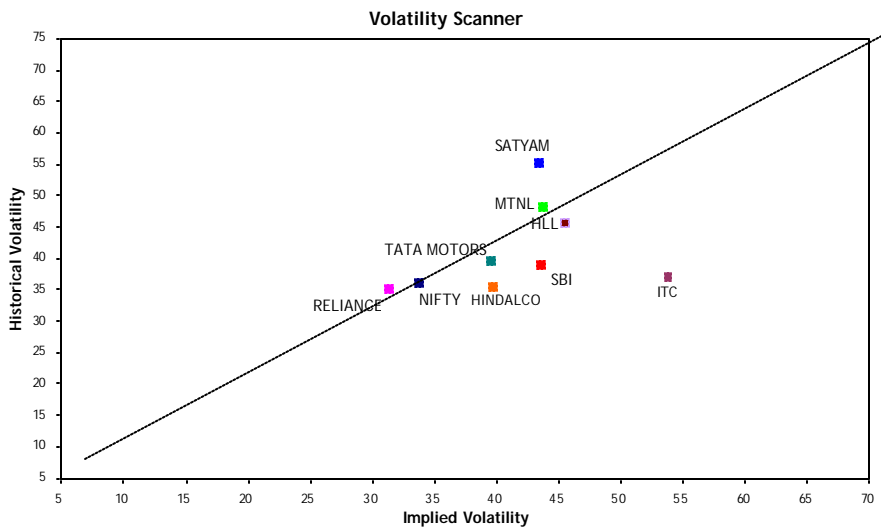
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
India cement	Buy	15-Mar-07	159.3	-	The stock witnessed a lot of buying interest inspite of a falling market and closed close to 4% positive. We expect the momentum to continue and pick this scrip as the relative outperformer in the sector for the short term.
Sesa Goa	Buy	15-Mar-07	1586.5	-	While the revised bid of Mittal Arcelor for the company stands at 2050, there are rumors of a bid from the AB group at around INR 2250. This should see a lot of buying interest in the stock and we suggest going long here.
Nagrconstruction	Buy	15-Mar-07	158.9	-	The company has bagged various order totalling to INR 3.48 bn , the biggest coming from the A P Government which is a major positive for the company. The stock looks a good buy at the current levels.
LITL	Closed Today	14-Mar-07	178.6	9%	The stock was the major loser yesterday on good volumes. The company's Sasan project is under the government scanner due to suspected irregularities in the financial data submitted by Globeleq during the bidding process. This acts as a negative trigger for the scrip.
Hindlever	Sell	14-Mar-07	176.8	2%	The Palm Oil prices are expected to further rise which acts as a negative trigger for the stock as palm oil accounts for 40% of its raw material cost. Also the stock has fallen on high volumes yesterday. We remain bearish on the counter.
Satyamcomp	Buy	7-Mar-07	432.7	0%	The stock witnessed huge selling due to weak markets and was down 5%. Technically the stock has reverted from its 200 DMA support and looks a good buy at these levels.
Lupin	Buy	12-Mar-07	570.9	-2%	The counter was down by 2% with a 6% fall in OI. 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.
Infosystch	Closed Today	2-Mar-07	2019.1	-6%	The stock pared 4% yesterday and witnessed a huge short build up. We suggest booking losses as the stock has hit the stop loss. However we maintain the IT sector is a relatively better play and should outperform the markets.

## 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%
icicibank	Buy	3-Mar-07	842.9	13-Mar-07	869.7	3%
HCLTech	Buy	19-Feb-07	675.0	28-Feb-07	693.6	3%
bharatforg	Buy	7-Mar-07	307.6	14-Mar-07	315.5	3%
RCom	Buy	8-Mar-07	410.6	14-Mar-07	416.7	1%
Nicolaspir	Buy	12-Mar-07	228.0	14-Mar-07	230.3	1%
Suzlon	Buy	2-Mar-07	1069.7	12-Mar-07	1015.1	-5%



- Maximum OI increase was in the 3600 call [increase of 63.5%], and Maximum OI was decrease was in the 3700 put [decrease of 9.3%]
- Maximum Volumes were witnessed by 3700 & 3600 Call and 3600 & 3700 Put.



Nifty IVs at 34% levels

High IVs

- ITC IV's are quoting at 54% as against HV's of 37%.
- SBI IV's are quoting at 44% as against HV's of 39%.
- Hindalco IV's are quoting at 40% as against HV's of 35%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
IT	105079	100874	4.17%	-3.7%
Telecom	62298	60877	2.33%	-3.6%
Oil & Gas	155944	152720	2.11%	-2.4%
Auto	52547	51642	1.75%	-2.6%
Power	29420	28988	1.49%	-1.9%
FMCG	47441	46861	1.24%	-2.7%
Metals & Mining	92045	91848	0.21%	-2.4%
Banking	144541	144567	-0.02%	-3.4%
Engineering & Capital Goods	45920	46110	-0.41%	-3.7%
Pharma	43579	43771	-0.44%	-1.6%
Chemicals	10543	10639	-0.90%	-2.9%
Textile	23926	24593	-2.71%	-4.0%
Construction	37463	38570	-2.87%	-3.7%
Cement	52859	54742	-3.44%	0.3%

- The Textile Sector was down 4% led again by a fall in Bombay Dyeing which was down by 6% and Century Textiles down 4%.
- In the Construction space, Lanco Infrastructure was down 8.1% followed by Hindustan Construction which was down 7.2% and IVRCL by 4.3%.
- In the Engineering & Capital Goods segment, Punj Lloyd was down 5% followed by Crompton Greaves and GMR Infrastructure down by 4.80% and 4.5% respectively.

## Futures Snapshot

## Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
IOB	19	743	(2.8)	308
Patni Computer	18	402	(5.1)	7
ZEE LTD	11	2,207	(0.8)	54
GAIL	10	4,346	(2.5)	65
Wipro	10	4,981	(4.9)	82
Escorts India	9	4,351	(4.1)	(49)
Glaxosmithkline	9	497	(0.9)	253
Infosys	9	3,100	(4.0)	15

## Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Jindal Steel & Power	(17)	273	(0.7)	148
Sobha Developers	(15)	587	(0.7)	37
Bharat Earth Movers	(14)	114	(2.3)	(22)
Nagarjuna Construction	(11)	2,125	(1.8)	(32)
Hinduja TMT	(11)	503	(5.2)	26
Cummins India	(10)	1,313	(1.7)	(15)
ACC	(9)	4,945	(0.3)	(23)
Bombay Dyeing	(8)	406	(6.0)	(45)

## Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Lanco Infra	(8.1)	2	3,253	15
Hindustan Construction	(7.2)	7	6,199	(18)
IDFC	(6.4)	1	19,812	(27)
Bombay Dyeing	(6.0)	(8)	406	(45)
Bank of India	(5.7)	6	5,795	(18)
Triveni Engineering	(5.7)	(7)	1,328	(67)
IFCI Ltd	(5.5)	(4)	82,357	(24)
ICICI Bank	(5.5)	4	5,808	65

## Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Nicolas Piramal	686	172	(0.1)	(1)
SCI	635	765	(0.0)	(5)
IOB	308	289	(2.8)	19
Glaxosmithkline	253	107	(0.9)	9
Indusind Bank	239	2,626	(3.3)	(2)
Essar Oil	194	3,701	0.2	0
GTL Ltd	157	513	(2.7)	(0)
Jindal Steel & Power	148	130	(0.7)	(17)

## F&amp;O CROSSOVER: -

## Focus Stocks

- o Positives: IPCL, SCI

- o Negatives: Nifty, ACC, HLL, Infosys, NTPC, ONGC, Reliance, SBI

## Portfolio Tracker

14-Mar-07

Scrip	Reco	14-Mar-07 13-Mar-07		Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score						
Nifty	Sell	(1)	(1)	9-Mar	3,718	3,641	5	2.1%	3,823
ACC	Sell	(1)	(3)	14-Mar	747	747			784
GAIL	Sell	(5)	(1)	6-Mar	267	260	8	2.5%	272
HLL	Sell	(3)	(3)	13-Mar	181	177	1	2.4%	186
HPCL	Sell	(1)	(1)	26-Feb	277	252	16	9.1%	255
ICICI Bank	Sell	(3)	(5)	9-Mar	859	829	5	3.4%	871
Infosys	Sell	(3)	(1)	9-Mar	2,121	2,020	5	4.8%	2,121
IPCL	Buy	3	1	13-Mar	265	257	1	-3.0%	252
Maruti	Sell	(1)	(1)	23-Feb	864	792	19	8.3%	812
MTNL	Sell	(1)	(3)	9-Mar	142	139	5	2.5%	146
NTPC	Sell	(3)	(5)	14-Mar	139	139			146
ONGC	Sell	(1)	(1)	8-Mar	780	781	6	-0.2%	818
Polaris	Neu**	(1)	1	13-Mar	174	166			
Reliance	Sell	(5)	(5)	13-Mar	1,327	1,285	1	3.1%	1,350
Satyam	Neu**	(3)	(1)	13-Mar	455	431			
SBI	Sell	(1)	(1)	12-Mar	974	948	2	2.7%	995
SCI	Buy	1	1	12-Mar	160	161	2	0.3%	153
TCS	Sell	(3)	(5)	13-Mar	1,265	1,214	1	4.1%	1,274
Tata Motors	Sell	(5)	(5)	8-Mar	767	744	6	3.0%	781
Tatasteel	Sell	(3)	(3)	9-Mar	434	430	5	0.9%	451

Buy/ Sell/ Neutral = 2/16/2

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	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

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