

GLOBAL DEVELOPMENTS LIKELY TO SPOOK THE MARKETS

Markets ended the week on 'positive' note on Friday. This was second successive weekly gains for our markets. Easing FIIs 'selling' and robust domestic economic data helped markets to extend gains for 2nd week in succession. Strong auto and Cement sales in May 2010 and robust GDP growth data for Q4 March 2010 boosted the sentiments in markets. Recovery in global Equity markets too aided the ongoing rally.

On weekly basis NIFTY gained 69 points and closed 1.36% higher at 5135.50. SENSEX on weekly basis gained about 255 points and closed 1.51% higher at 17,117. The BSE MID-CAP index rose 1.99% and the BSE SMALL-CAP index gained 1.72% over the week. This shows that 'rally' was more broad-based.

FII's 'pull-out' slowed last week. As per Data from Exchanges, FIIs sold stocks worth Rs. 286.77 crore in the first three trading sessions this month and their net outflow in May 2010 totaled Rs 12,071 crores.

On the Macro front, We reiterate, There's possibility of Liquidity crunch in the 1st fortnight of June due to payments for Corporate Advance Tax and License fees for 3G spectrum. This could have mild impact on markets. On the positive side, India's economy grew at 8.6% in the March 2010 quarter driven by robust manufacturing sector on the back of government and consumer spending. The growth was significantly higher than the revised 6.5% expansion in Q3 December 2009 and a 5.8% growth in Q4 March 2009. The manufacturing sector grew 16.3%, farm output rose 0.7%, mining sector expanded 14% and services increased by 8.4% in January-March 2010 from a year earlier.

For the full year to March 2010, the economy expanded 7.4%, above a government forecast of 7.2%. Economic growth had slowed down to 6.7% in year ended March 2009.

On the Global front, in the recent development, Disappointing U.S. economic data (lower-than-forecast American job growth and a widening government debt crisis) fueled the concern that global economic recovery will slow down. Also Hungary following the Greece steps once again raised the fear about sovereign debt crisis in Euro zone. The euro slid below \$1.20 for the first time since March 2006 The Dollar Index, which measures the currency against six major trading partners, jumped 1.2 percent to 88.195, its highest level since March 2009.

Once again, Global cues are likely to be at center stage and will decide the trend in equity markets in the coming week.

Global Equity markets plunged massively on Friday, post closing of our markets. Reflection of the same is likely in our markets when we open for trade on Monday.

In the coming week, the government will unveil industrial production data for April 2010 on 11 June 2010. Industrial output in March 2010 grew in double digits for the sixth straight month, rising an annual 13.5%. The government will unveil data on Headline inflation, based on wholesale prices for May 2010 on 14 June 2010.

The progress of the monsoon will be keenly watched. The south west monsoon is important for India as about 60% of the country's farmlands are rain-fed and more than half of the workforce is employed in the agriculture sector.

Post sharp rally of about 7% in last 8 sessions, our Markets are once again likely to slip-back. Global events could trigger the same. Market faces a stiff hurdle in the range 5150~5200 of NIFTY on the upside. A decisive closing above this range is 'must' for further rally.

ECONOMY NEWS

Wholesale Price Indices for Primary Articles and Fuel. Power, Light & Lubricants in India (Base: 1993-94 = 100) Review for the week ended 22nd May, 2010 (01 Jyaistha, 1932 Saka) The WPI for the week ended 22nd May, 2010 in respect of 'Primary Articles' and 'Fuel, Power, Light & Lubricants' is given below:

PRIMARY ARTICLES (Weight 22.02%)

The index for this major group rose by 0.5 percent to 300.3 (Provisional) from 298.9 (Provisional) for the previous week. The annual rate of inflation, calculated on point to point basis, stood at 16.89 percent (Provisional) for the week ended 22/05/2010 (over 23/05/2009) as compared to 15.90 percent (Provisional) for the previous week (ended 15/05/2010) and 6.03 percent during the corresponding week (ended 23/05/2009) of the previous year.

The groups and items for which the index showed variations during the week are as follows:-

The index for 'Food Articles' group rose by 0.5 percent to 295.1 (Provisional) from 293.6 (Provisional) for the previous week due to higher prices of fish-marine (7%), poultry chicken (5%), barley and masur (2% each) and condiments & spices, fish-inland, fruits & vegetables, bajra and jowar (1% each). However, the prices of coffee (5%) and moong and wheat (1% each) declined. The index for 'Non-Food Articles' group rose by 0.4 percent to 283.0 (Provisional) from 281.8

CORPORATE NEWS

RIL's stake in Iraq oil block reduces to 80 per cent

Reliance Industries' holding in northern Iraq oil block has been reduced to 80 per cent after the Kurdistan Regional Government assigned 20 per cent stake in the block to Austria's OMV Petroleum Exploration GmbH. "The Regional Government of Kurdistan has assigned third party participating interest of 20 per cent each in blocks Rovi and Sarta to OVM," a source in know of the development said. Rovi and Sarta onland blocks in northern Iraq may hold one billion barrels of oil reserves. In 2007 Reliance had paid a signing amount of USD 15.5-17.5 million (rpt) million to autonomous Kurdish Regional Government (KRG) for the two. Reliance has so far not signed the agreement to assign 20 per cent stake in the two blocks to OVM and it is not clear if the stake was transferred with its consent.

Parkway up on \$835 mn bid; eyes on India Fortis

Parkway Holdings shares jumped 25 percent after Malaysian sovereign fund Khazanah offered \$835 million for control of Singapore's biggest private healthcare group, leaving India's Fortis Healthcare to make the next move in a potential takeover battle. Fortis owns 25 percent of Parkway after it bought into the company two months ago and must now decide whether to sell its shares or make a counterbid for all of Parkway, which it had hoped to use as a springboard for global expansion.

Essar to buy Avaya's AGC Networks for Rs 206cr; open offer soon

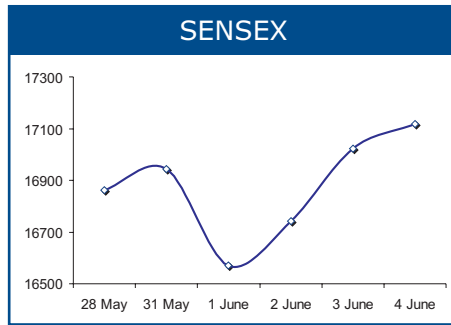
The deal would catapult the Essar Group's IT and BPO arm Aegis among the top five IT solution providers along with IBM, Wipro and TCS in the country. "We have entered into a definitive agreement, under which the Essar Group would acquire Avaya's entire 59.13 per cent stake in BSE/NSE-listed AGC Networks for Rs 206.19 crore, or Rs 245 a share, subject to regulatory requirements and completion of the open offer," .The acquisition would be done through Essar Services Holdings. The company will come out with an open offer for an additional 20 per cent stake at a price determined as per the formula specified in the Sebi takeover code.

CORPORATE NEWS

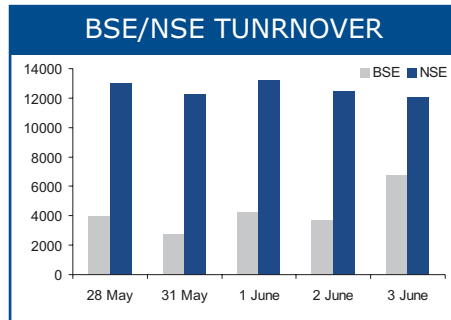
EIL disinvestment may happen in second half of July

"EIL's disinvestment is likely to happen in the second half of July, After SJVNL, EIL would be the second company in the current fiscal to do so. The first stake sale in this fiscal SJVNL got a good response from investors, raising over Rs 1,000 crore. The government has already appointed HSBC Holdings Plc, ICICI Securities, SBI Capital Markets and IDFC Capital to manage the follow-on public offer of EIL. Besides this, Luthra and Luthra has been appointed as the legal advisor. At the current market price, the government is expected to raise about Rs 1,100-1,200 crore through the sale of 10 per cent stake in EIL, which provides design and engineering services for petroleum, power and fertiliser companies. A number of companies, including EIL, MMTC, SAIL, Coal India and RINL, are likely to be disinvested in the current fiscal. This move would help it garner Rs 40,000 crore, as estimated in the budget.

Date	Country	Event	Consensus	Previous
7-Jun-10	EC	Sentix Investor Confidence	-7	-6.4
8-Jun-10	US	Consumer Credit	-\$2.0B	\$2.0B
8-Jun-10	JN	Japan Manpower Survey	- -	-1
8-Jun-10	JN	Trade Balance (BoP Basis)	¥871.9B	¥1074.7B
8-Jun-10	JN	Leading Index CI	102.5	102.7
8-Jun-10	US	IBD/TIPP Economic Optimism	- -	48.7
9-Jun-10	US	ABC Consumer Confidence	- -	-44
9-Jun-10	UK	Total Trade Balance (GBP/Mln)	-£3000	-£3683
9-Jun-10	US	MBA Mortgage Applications	- -	0.90%
9-Jun-10	US	Wholesale Inventories	0.60%	0.40%
9-Jun-10	US	Fed's Beige Book		
10-Jun-10	JN	Gross Domestic Product (QoQ)	1.00%	1.20%
10-Jun-10	JN	GDP Annualized	4.20%	4.90%
10-Jun-10	JN	Nominal GDP (QoQ)	1.00%	1.20%
10-Jun-10	JN	GDP Deflator YoY	-3.00%	-3.00%
10-Jun-10	JN	Consumer Confidence	- -	42.1
10-Jun-10	UK	BOE ANNOUNCES RATES	0.50%	0.50%
10-Jun-10	EC	ECB Announces Interest Rates	1.00%	1.00%
10-Jun-10	US	Trade Balance	-\$41.0B	-\$40.4B
10-Jun-10	US	Initial Jobless Claims	448K	453K
10-Jun-10	US	Continuing Claims	4643K	4666K
10-Jun-10	US	Monthly Budget Statement	-\$142.5B	- -
11-Jun-10	UK	Industrial Production (YoY)	2.20%	2.00%
11-Jun-10	UK	Manufacturing Production (YoY)	3.80%	3.30%
11-Jun-10	US	Advance Retail Sales	0.20%	0.40%
11-Jun-10	US	Retail Sales Less Autos	0.10%	0.40%
11-Jun-10	US	Retail Sales Ex Auto & Gas	0.30%	0.40%
11-Jun-10	US	U. of Michigan Confidence	74.6	73.6
11-Jun-10	US	Business Inventories	0.50%	0.40%



Rs.Cr.


MARKET INDICATORS

Indices	04.06.10	28.05.10	Chg(Pts)	%Chg
NIFTY	5135.50	5066.55	68.95	1.36
SENSEX	17117.69	16863.06	254.63	1.51
BSEMIDCAP	6890.19	6756.01	134.18	1.99
BSESMLCAP	8640.40	8494.45	145.95	1.72
BSE-100	9129.09	8979.30	149.79	1.67
BSE-200	2173.00	2135.38	37.62	1.76
BSE-500	6845.45	6728.78	116.67	1.73
BSE IPO	2007.89	1998.45	9.44	0.47

SECTORAL INDICES

Indices	04.06.10	28.05.10	Chg(Pts)	%Chg
BSE AUTO	7894.44	7558.43	336.01	4.45
BSE FMCG	3069.04	2961.21	107.83	3.64
BSE PSU	9171.44	8893.45	277.99	3.13
BSE TECK	3239.61	3144.07	95.54	3.04
BSE HEALTH CARE	5509.17	5394.61	114.56	2.12
BSE BANKEX	10773.31	10576.77	196.54	1.86
BSE IT	5296.41	5200.84	95.57	1.84
BSE OIL&GAS	10150.21	10014.28	135.93	1.36
BSE CAP GOODS	13808.50	13662.65	145.85	1.07
BSE POWER	3033.39	3017.10	16.29	0.54
BSE CONS DURA	4502.77	4480.43	22.34	0.50
BSE REALTY	3101.17	3123.87	-22.70	-0.73
BSE METAL	14789.78	15106.96	-317.18	-2.10

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain%
RCOM	168.15	26.05
REL INFRA	1110.25	12.32
SUN PHARMA	1708.10	10.51
HUL	251.50	9.11
ONGC	1189.80	8.87

Top Losers		
Company	Price	Loss%
GRASIM	1773.95	-27.68
TATA STEEL	484.80	-4.83
HINDALCO	147.85	-2.44
A.C.C.	840.85	-2.21
TATA POWER	1239.20	-1.59

WEEKLY: A - GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain%
RCOM	168.15	26.05
AREVA	289.05	21.60
RNRL	54.10	21.57
RENUKA	63.25	19.11
NAGARJUNA CONS	185.60	17.32

Top Losers		
Company	Price	Loss%
GRASIM	1773.95	-27.68
MPHASIS	572.30	-10.22
PUNJ LLOYD	118.65	-9.94
MAX INDIA	161.35	-7.93
BHUSHANSteel	1344.25	-6.15

ADVANCE – DECLINE

BSE 30 Companies	
POSITIVE	25
NEGATIVE	05
UNCHANGED	0
TOTAL	30

A GROUP COMPANIES	
POSITIVE	152
NEGATIVE	46
UNCHANGED	0
TOTAL	198

WORLD INDICES

Index	04.06.10	28.05.10	Chg(Pts)	%Chg
NIFTY	5135.50	5066.55	68.95	1.36
SENSEX	17117.69	16863.06	254.63	1.51
DJIA	9931.97	10136.63	-204.66	-2.02
NASDAQ	2219.17	2257.04	-37.87	-1.68
FTSE	5126.00	5188.43	-62.43	-1.20
NIKKEI	9901.19	9762.98	138.21	1.42
BOVESPA	61675.75	61946.99	-271.24	-0.44
SHANGHAI	2553.59	2655.77	-102.18	-3.85
KOSPI	1664.13	1622.78	41.35	2.55
HANG SENG	19780.07	19766.71	13.36	0.07
STRAITS TIMES	2806.51	2739.70	66.81	2.44

BSE 200 GROUP

Scripts	CMP(Rs)	Weekly % Chg
Gainers		
RCOMM	168.15	26.05
AREVA T&D	289.05	21.60
RNRL	54.10	21.57
RENUKA	63.25	19.11
NAGARCONS	185.60	17.32
Losers		
GRASIM IND	1773.95	-27.68
MPHASIS	572.30	-10.22
PUNJ LLOYD	118.65	-9.94
UNITEDBREW	195.55	-8.02
MAX INDIA	161.35	-7.93

US LISTINGS

Scripts	Close (\$)	% Chg
NYSE		
Dr Reddy	29.47	2.68
HDFC Bank	138.00	-0.72
ICICI Bank	36.28	-1.39
MTNL	2.35	-1.67
Patni	26.55	0.91
Satyam	5.02	-2.90
SLT	13.14	-7.85
Tata Motors	17.02	2.04
TCL	10.45	-1.88
WIPRO	20.62	-2.51
NASDAQ		
Infosys	57.79	0.45

STAY LONG WITH THE STOP LOSS OF 4961

We had mentioned in our last week's report that by decisively crossing 5030, Nifty has broken the lower-top lower-bottom formation and the strategy should be to buy on dips as markets had surged more than 6% in one go. Nifty, by falling more than 2% on Tuesday to 4961, gave that buying opportunity and rallied a hefty 3.5% from there in subsequent 3 sessions to finish the week at 5135, up 1.4% on weekly basis.

The view on the market continues to remain bullish as higher-top higher-bottom formation is well intact. Any decline should be seen as a buying opportunity until this formation is not violated. And this formation will be violated only when Nifty breaks and sustains below the previous bottom of 4961 made on Tuesday, as shown in the chart below. On the upside, 5200, the level emanating from adjoining the tops of 7th April and 26th April as shown in the chart below, is the immediate resistance.



SUPPORT-RESISTANCE LEVELS FOR FORTHCOMING WEEK (Next Week)

Stock	Close	Pivot Avg.	Res.1	Res.2	Support-1	Support-2
A.C.C.	841.90	835.62	861.23	880.57	816.28	790.67
ABB LTD.	858.00	852.00	874.00	890.00	836.00	814.00
AMBUJACEM	112.50	111.02	116.48	120.47	107.03	101.57
AXISBANK	1245.45	1223.98	1279.47	1313.48	1189.97	1134.48
BHARAT PETRO	579.80	579.28	596.52	613.23	562.57	545.33
BHARTIARTL	276.30	269.68	285.02	293.73	260.97	245.63
BHEL	2331.80	2327.30	2369.50	2407.20	2289.60	2247.40
CAIRN	300.20	295.30	306.90	313.60	288.60	277.00
CIPLA	325.10	323.38	329.67	334.23	318.82	312.53
DLF	281.75	277.80	289.55	297.35	270.00	258.25
GAIL	460.75	459.60	472.10	483.45	448.25	435.75
GRASIM IND.	1772.50	1803.97	1842.93	1913.37	1733.53	1694.57
HCL TECHNOLO	386.90	381.97	402.33	417.77	366.53	346.17
HDFC BANK	1885.70	1874.57	1921.13	1956.57	1839.13	1792.57
HERO HONDA	1996.25	1982.27	2062.98	2129.72	1915.53	1834.82
HINDALCO	147.60	146.05	152.50	157.40	141.15	134.70
HINDUNILVR	251.70	247.08	261.82	271.93	236.97	222.23
HOUS DEV FIN	2748.90	2747.63	2806.17	2863.43	2690.37	2631.83
ICICI BANK	865.85	854.43	885.87	905.88	834.42	802.98
IDEA	55.95	54.12	59.73	63.52	50.33	44.72
IDFC	163.40	158.73	168.47	173.53	153.67	143.93
INFOSYS TECH	2728.95	2694.85	2772.10	2815.25	2651.70	2574.45
ITC	290.85	286.55	296.10	301.35	281.30	271.75
JINDL STL&PO	629.65	635.85	653.85	678.05	611.65	593.65
JPASSOCIATEQ	122.55	124.13	131.42	140.28	115.27	107.98
LT EQ	1672.00	1644.33	1703.67	1735.33	1612.67	1553.33
MAH & MAH	585.20	575.73	598.47	611.73	562.47	539.73
MARUTI	1330.05	1296.57	1368.48	1406.92	1258.13	1186.22
NTPC EQ	202.20	200.83	205.67	209.13	197.37	192.53
ONGC CORP.	1189.70	1184.77	1234.93	1280.17	1139.53	1089.37
PNB	1015.85	1004.48	1030.17	1044.48	990.17	964.48
POWERGRID	105.75	104.68	107.22	108.68	103.22	100.68
RANBAXY LAB.	430.50	429.45	439.00	447.50	420.95	411.40
RCOM	168.55	158.75	179.50	190.45	147.80	127.05
REL.CAPITAL	678.95	666.95	701.90	724.85	644.00	609.05
RELIANCE	1031.20	1027.68	1052.02	1072.83	1006.87	982.53
RELINFRA	1110.65	1087.35	1140.70	1170.75	1057.30	1003.95
RPOWER	160.15	159.22	165.43	170.72	153.93	147.72
SIEMENS	695.80	692.12	716.68	737.57	671.23	646.67
STATE BANK	2340.75	2296.95	2391.80	2442.85	2245.90	2151.05
STEEL AUTHOR	201.35	201.82	207.33	213.32	195.83	190.32
STER EQ	648.45	649.67	680.78	713.12	617.33	586.22
SUN PHARMA.	1704.80	1679.82	1750.58	1796.37	1634.03	1563.27
SUZLON	55.80	56.90	60.35	64.90	52.35	48.90
TATA POWER	1238.75	1246.68	1282.07	1325.38	1203.37	1167.98
TATA STEEL	485.25	489.82	503.23	521.22	471.83	458.42
TATAMOTORSEQ	771.60	756.00	791.45	811.30	736.15	700.70
TCS EQ	765.35	756.58	778.47	791.58	743.47	721.58
UNITECH LTD	71.25	71.08	74.17	77.08	68.17	65.08
WIPRO	655.45	659.52	672.03	688.62	642.93	630.42

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RATING INTERPRETATION

BUY	Expected to appreciate more than 20% over a 12m period
ACCUMULATE	Expected to appreciate up to 20% over a 12m period
OUTPERFORMER	Expected to outperform Sensex/Sector by 5 to 15%
UNDERPERFORMER	Expected to underperform Sensex/Sector by 5 to 15%
SELL	Expected to depreciate more than 20% over a 12m period
NOT RATED	No specific call on the stock

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