

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened with a positive gap of 53 points at 14,271 backed by better-than-expected Reliance Q3 earnings. It touched a high of 14,300, but soon tumbled into negative zone following Satyam's weaker-than-expected Q3 numbers. Fresh buying in Reliance and ITC in noon deals saw the index recoup all the loss and eventually close with a loss of 35 points at 14,183. Nifty lost 19 points to 4,090.

The NSE & BSE cash volumes were significantly lower compared to the previous day at INR 90 bn and INR 41 bn. The F&O volumes were slightly lower compared to the previous day at INR 379 bn.

Sentiment Indicators

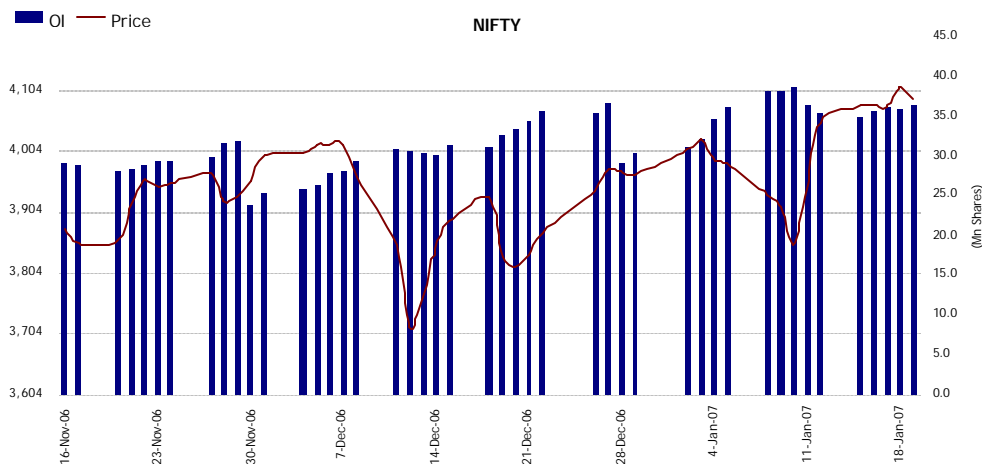
The Implied Volatility (IV) across Nifty strikes has decreased to 18-20% levels. The WPCR of Nifty Options increased to 0.96 compared to the previous day while the 5 day average is 0.70. The January futures are now trading at 1 point premium. The Nifty Futures OI has increased by 1 %.

Outlook

As expected the markets opened on a positive note on Friday on the back of excellent results of the index heavyweight Reliance Industries, but soon enough paired away all the gains with profit booking coming in at higher levels. We again expect Nifty to open on a positive note today in line with its Asian peers and in absence of any adverse news flow domestically. However as we get into the expiry week, intraday movement will be volatile.

Nifty rolls have been 15% and market wide rolls are around 19%. Nifty roll levels are expected to expand gradually as the outlook for the markets is mildly positive for the week. However we don't expect them to expand beyond 7/7.5 and would recommend short rollers to participate in the market with incremental quantities at various levels. Long rollers should aggressively roll their positions at +4 levels.

Nifty has an immediate support at 4055 followed by 4025 and on the upside Nifty will continue to face a major resistance at 4150.



January 22, 2007

Market Snapshot

	19-Jan	18-Jan	% Chg
Nifty	4090.2	4109.1	-0.5
Sensex	14182.7	14217.8	-0.2
BSE MidCap	6075.5	6103.6	-0.5
BSE SmallCap	7560.2	7598.5	-0.5

Jan Futures

Average ICC (p.a)**	24.8%	21.5%	15.6
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Volume (INR mn)

	19-Jan	18-Jan	% Chg
Futures	324,867	324,790	0.0
Call	30,055	39,688	-24.3
Put	24,633	36,488	-32.5
Total	379,555	400,967	-5.3
NSE Cash Vol.	90,538	101,781	-11.0
BSE Cash Vol.	41,452	50,774	-18.4

Open Interest (INR mn)

	19-Jan	18-Jan	% Chg
Futures	444,189	442,074	0.5
Call	87,066	83,198	4.6
Put	101,677	100,418	1.3
Total	632,932	625,690	1.2

Put Call Ratios

	19-Jan	18-Jan	% Chg
PCR	0.81	0.92	-12.9
WPCR	0.06	0.04	52.0
OI PCR	1.13	1.17	-3.0
Total OI/ Volume	1.67	1.56	6.9

Nifty IVs at 18 - 20% levels.

FII Activity* (INR Mn) (18-Jan)

Volume	Buy	Sell	Net
Cash	25,317	24,198	1,119
Index Futures	21,725	14,945	6,780
Stock Futures	17,089	15,975	1,114
Total	64,131	55,118	9,013
Open Interest	18-Jan	17-Jan	% Chg
Index Futures	130,550	125,314	4.2
Stock Futures	169,341	167,819	0.9
Total F&O OI	383,357	374,079	2.5

Mutual Fund Activity* (INR Mn) (18-Jan)

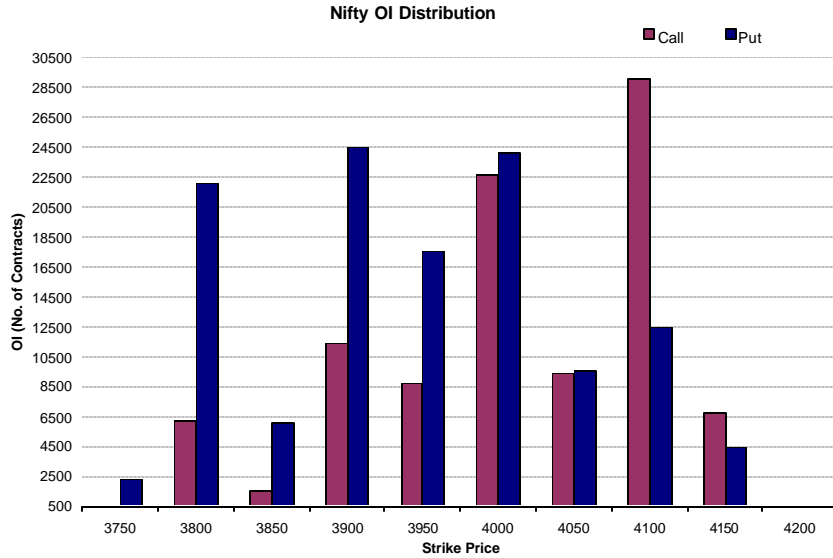
Volume	Buy	Sell	Net
Equity	6,915	6,325	590

*FII & MF Data is reported a day late

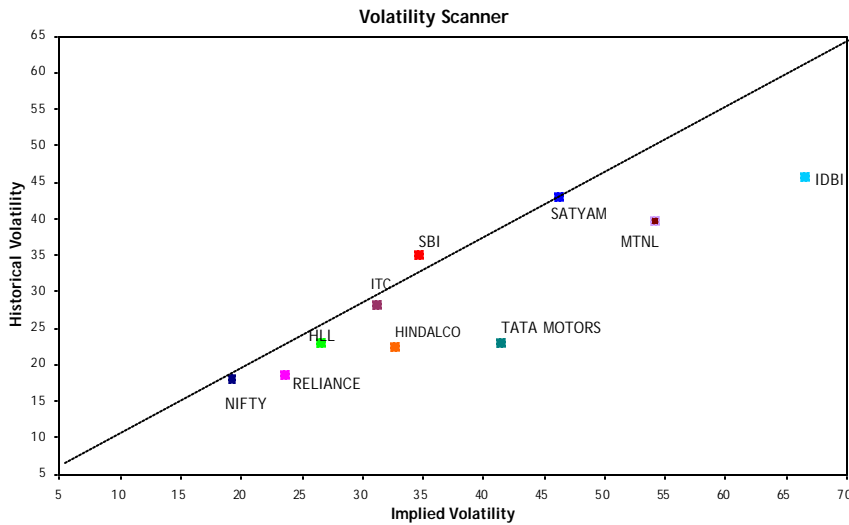
** Avg of positive ICC's

Pending Calls

Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
ROLTA	Buy	8-Jan-07	309.6	16%	Though the stock went down marginally we remain bullish as the mid-cap IT sector continues to look strong. We have been recommending the stock since the recent Indo-US Nuke deal makes this niche IT player a major beneficiary and is expected to outperform the sector.
MTNL	Buy	19-Jan-07	169.9	5%	The stock performed well last week as we expected. The company is in talks with builders to develop commercial property on land it owns in Mumbai & Delhi which will lead to windfall gains for the company. We therefore suggest going long at these levels as well.
IndiaCEM	Buy	16-Jan-07	247.8	3%	The result expectations are on the better side. We suggest India cement as the best pick in the sector coupled with the infrastructure demand spur.
Reliance	Closed Today	15-Jan-07	1380.3	3%	The stock saw its run up after the results and we believe it might see some profit booking. At the current levels we recommend a closed position also supported by our technical analysis.
Hindpetro	Buy	18-Jan-07	321.0	2%	The stock was up more than 2% and has been witnessing huge volumes over the last two sessions. With Crude prices falling below \$51/bbl, we expect OMC's to outperform.
IndHotel	Buy	2-Jan-07	157.7	2%	We expect the counter to perform on the back of higher than expected increase in ARR, overall capacity lagging demand and good expected quarterly numbers.
BHEL	Buy	15-Jan-07	2269.3	1%	The stock witnessed huge short covering as the OI was down 10% with a 1% rise in price. The company is planning to revive its Oil Rigging business and also on the technical front, the stock is at its 200 DMA support with a morning star pattern.
JKCEM	Closed Today	16-Jan-07	200.2	1%	The stock closed on a flat note. The breakout candle has a 13DMA support. Based on our technical study we recommend a close on the stock.
VSNL	Buy	17-Jan-07	476.5	1%	The stock witnessed short covering as the price was up more than 3% with a 12% fall in OI. There is a news of the company hiving off the real estate division on JRD Tata's birthday.
Suzlon	Sell	16-Jan-07	1263.5	1%	The stock closed on a marginal negative note on low volumes. We remain bearish on the counter due to declining margins and hence weak Q3 numbers.
SBIN	Buy	18-Jan-07	1221.4	0%	The stock closed on a marginal positive note on high volumes with a 5% fall in OI. With Banking results around the corner, we expect the sector to outperform.
PNB	Buy	18-Jan-07	518.0	-1%	The company is planning to hive off its stake in NCDEX which bodes well for the stock.
ShreeCem	Buy	17-Jan-07	1482.2	-3%	The company is planning a huge capacity expansion and will be able to cash in on it by next year ahead of its peers. Also the stock has witnessed tremendous buying interest lately.
M&M	Closed Today	17-Jan-07	934.6	-5%	The stock closed half a percent positive. There is a news of the company setting up a INR 2500 cr plant in PUNE. We expect the stock to rally further.



- Maximum OI was added to 4100 call [increase of 12.8%], 4150 call [increase of 21.1%], 4100 put [increase of 7.4%]
- Maximum Volumes were witnessed by 4100 & 4150 Call and 4100 & 4000 Put.



Nifty IVs at 18%-20% levels

High IVs

- Tata Motors IVs are quoting at 41% as against HV's of 23%
- MTNL IVs are quoting at 54% as against HV's of 40%.
- IDBI IVs are quoting at 67% as against HV's of 46%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Power	31502	30132	4.55%	-0.2%
Pharma	42427	41289	2.76%	-1.4%
FMCG	49249	48179	2.22%	0.2%
IT	82853	81252	1.97%	-0.9%
Banking	87167	85960	1.40%	-0.7%
Telecom	63868	63325	0.86%	1.9%
Metals & Mining	97216	96449	0.80%	-0.6%
Auto	62826	62390	0.70%	-0.8%
Engineering & Capital Goods	69782	69435	0.50%	-0.8%
Cement	30524	30400	0.41%	0.9%
Textile	16289	16305	-0.09%	-0.3%
Oil & Gas	112326	114162	-1.61%	-0.5%
Construction	47004	47889	-1.85%	0.0%
Chemicals	10739	11125	-3.47%	-0.7%

- Amongst all the sectors, the Telecom sector was up the most. MTNL surged 5% with a 3% rise in OI followed by Bharti & R Com which were up by 2% each.
- In the Cement Space, Gujarat Ambuja was the front runner with a 2% rise in price while the OI was down 2%.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
M&M	28	2,641	(3.6)	45
Kotak Mahindra Bank	19	733	4.4	291
Satyam	17	7,688	(5.0)	134
Ranbaxy	15	6,157	(3.7)	(48)
UTI Bank	15	527	(2.1)	(4)
Praj Industries	14	3,693	(2.9)	(29)
Titan Industries	11	2,796	4.9	134
Maharashtra Seamless	9	2,870	0.2	123

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Patni Computer	(15)	588	0.9	(4)
CNX IT	(14)	13	(1.8)	9
ZEE LTD	(10)	3,068	2.2	19
Nagarjuna Fertilizers	(9)	39,508	(4.2)	(62)
Jaiprakash Associates	(7)	2,053	1.3	29
Tata Chemicals	(6)	2,076	(0.3)	(25)
Orchid Chemicals	(6)	3,409	(2.2)	38
I-Flex	(6)	308	(0.7)	159

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Jai Prakash Hydro	5.5	5	27,525	130
MTNL	5.4	3	27,005	478
Satyam	(5.0)	17	7,688	134
Titan Industries	4.9	11	2,796	134
Kotak Mahindra Bank	4.4	19	733	291
IVRCL	4.4	(4)	11,677	307
Nagarjuna Fertilizers	(4.2)	(9)	39,508	(62)
IDFC	(4.0)	5	15,092	(31)

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
MTNL	478	36,090	5.4	3
IVRCL	307	16,356	4.4	(4)
Kotak Mahindra Bank	291	855	4.4	19
Jindal Steel & Power	179	219	(1.6)	(1)
Hindustan Construction	163	4,654	(3.0)	6
GMRI Infrastructure	161	7,822	2.3	(3)
I-Flex	159	653	(0.7)	(6)
Gujarat Amb	145	8,044	2.4	(2)

F&O CROSSOVER: -

Focus Stocks

- o Positives: Nifty, HPCL, MTNL, NTPC, Reliance, SBI, SCI
- o Negatives: ACC, Infosys, ONGC, Satyam, TCS.

Portfolio Tracker

19-Jan-07

Scrip	Reco	19-Jan-07 Score	18-Jan-07 Score	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Buy	1	1	18-Jan	4,109	4,090	1	-0.5%	3,904
ACC	Sell	(1)	1	19-Jan	1,109	1,109			1,164
GAIL	Buy	3	3	9-Jan	285	281	10	-1.5%	271
HLL	Buy	1	3	17-Jan	221	222	2	0.5%	213
HPCL	Buy	3	3	29-Dec	279	321	21	15.3%	305
ICICI Bank	Neu**	1	(1)	19-Jan	985	985			
Infosys	Sell	(3)	(3)	12-Jan	2,223	2,202	7	0.9%	2,312
IPCL	Buy	3	1	17-Jan	288	286	2	-0.5%	275
Maruti	Sell	(1)	(1)	5-Jan	935	912	14	2.4%	925
MTNL	Buy	3	3	22-Dec	139	170	28	22.2%	162
NTPC	Buy	3	3	17-Jan	140	138	2	-0.9%	133
ONGC	Sell	(1)	(1)	18-Jan	915	896	1	2.0%	941
Polaris	Buy	3	3	11-Jan	211	220	8	4.3%	210
Reliance	Buy	1	1	22-Dec	1,273	1,383	28	8.7%	1,314
Satyam	Sell	(1)	1	19-Jan	489	489			514
SBI	Buy	1	3	17-Jan	1,223	1,220	2	-0.2%	1,168
SCI	Buy	5	5	19-Dec	154	180	31	16.7%	171
TCS	Sell	(1)	1	19-Jan	1,298	1,298			1,363
Tata Motors	Buy	3	3	12-Jan	941	951	7	1.0%	917
Tatasteel	Buy	1	3	15-Jan	486	468	4	-3.7%	462

Buy/ Sell/ Neutral = 13/6/1

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

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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
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Sumeet Budhraj	- 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 Shakra	- 2286 4276
Priyank Singhal	- 2286 4302	Media, Retail	Priya Ramchandran	- 2286 4389
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Nimish Mehta	- 2286 4295	Pharmaceuticals, Agrochemicals	Harsh Biyani	- 2286 4419
Manika Preamsingh	- 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
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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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