



Technical Analysis

Correction is expected

Nifty started the week on a pleasant note mirroring strong cues from its global counterparts. The momentum on the upside was witnessed till the end of the week and Nifty managed to close near 5,150 marks. From here, Nifty looks bearish as all the technical indicators are in the profit booking phase. It seems that the bulls may not be able to carry forward the momentum as the range of 5,150-5,200 is a strong resistance for Nifty and there will be profit booking once Nifty comes near to this level. RSI is also moving in overbought region at 70 levels. Hence, profit booking will occur in near term and a wide correction is due in the range of 4-6% in forthcoming trading sessions. F&O data is also suggesting that there are strong chances of Nifty not crossing the level of 5,250 in the coming expiry while it will consolidate in a range before it takes-off further. Downside the level of 4,980 will play as a support for immediate term. A fall below that could drag Nifty to near 4,800. Correction could be seen in IT, Power, Banking, FMCG and Reality stocks. However, September quarter earning results will play a vital role for deciding future course of direction of Indian market.





Indian Equity Market

Domestic bourses belled the week on a pleasant note extending gains by more than 2% on day one over a likelihood of patch-up between warring Ambani brothers and on better-than-expected industrial output data for August 2009. India's industrial output for August rose 10.4% as against 1.7% year-on-year. Prime Minister Manmohan Singh's statement that the economic stimulus will continue also aided the rally. On the second day, the barometer index BSE Sensex and the 50-unit S&P CNX Nifty breached 17,000 & 5,000 levels respectively following firm cues from the global indices that led to significant buying over the ground. Stronger-than expected Q2 outcome from housing finance major HDFC and HDFC Bank also boosted market sentiment. However, Indian market erased all its gains the very next day backed by profit booking after two days rally. Indices concluded the week on a positive note closing higher on last day of the week backed by firm cues from European markets.

Key benchmark indices ended the week on a cheerful note on the back of positive economic and earnings reports. Sensex closed the week at 17,322.82 gaining by 680.16 points (4.09%) and Nifty at 5,142.15 up by 196.95 points (3.98%).

FII's for the month of October 2009 (till 16, October 2009) were net buyers to the tune of Rs 6881.4 crores.

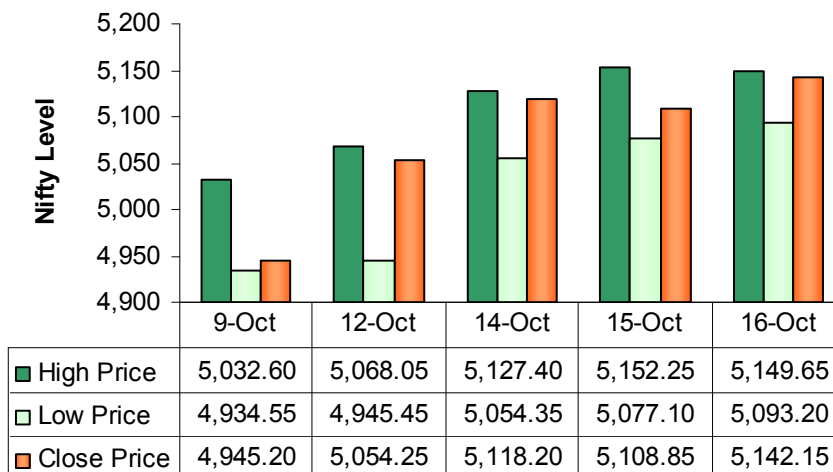
Nifty Top Gainers

Company	% Return
State Bank of India	19.53
Jindal Steel	16.37
Cairn India	11.91

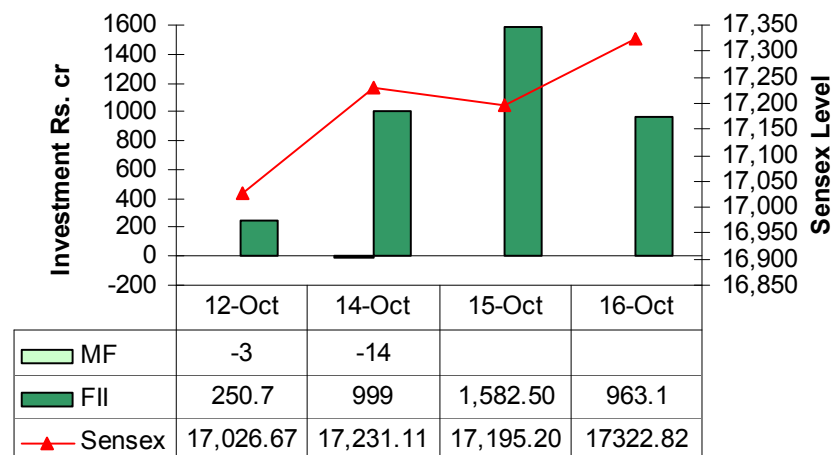
Nifty Top Loser

Company	% Return
Ambuja Cement	-8.30
BPCL	-6.59
RCom	-6.03

Daily Movement of Nifty

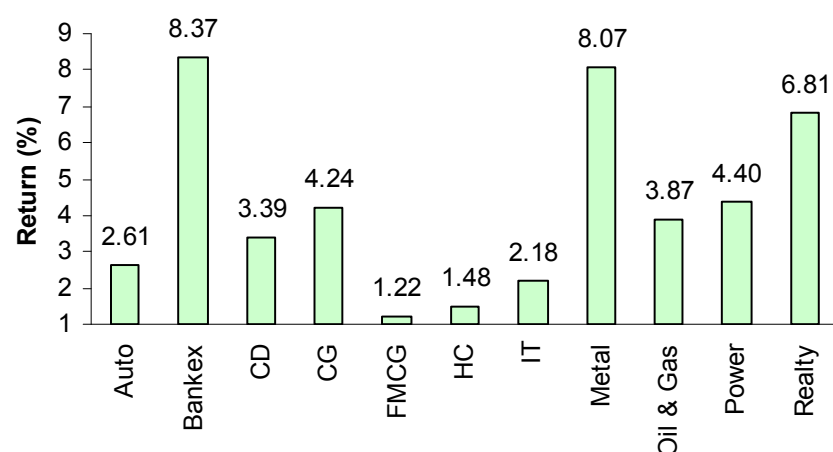


Daily Movement of Sensex, Net FIIs & MF investment



Source for FII & MF: Sebi

Weekly return on BSE Sectoral Indices



Weekly Price Movement of GDR

Security Name	Price (USD) as on 15-10-09	%Change from 08-10-09
L&T	36.90	4.24
M&M	21.49	11.35
RIL	95.43	3.89

Weekly Price Movement of ADR

Security Name	Price (USD) as on 15-10-09	%Change from 08-10-09
ICICI bank	40.67	3.20
Infosys	48.49	-2.00
MTNL	3.51	0.00
Rediff	3.65	4.58
Sify	2.68	11.67



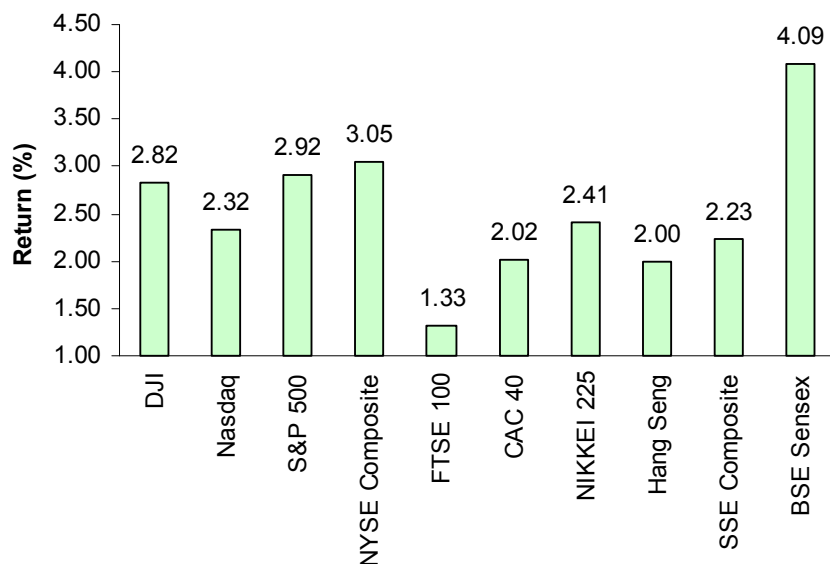
Global Equity Markets

US stock markets gained during the week (till Thursday) as investor's responded well to the latest batch of corporate earnings coupled with good support from the economic front. On the corporate front, Cisco Systems announced that it has entered into a agreement to acquire Starent Networks for a total of approximately USD 2.9 billion. Alcoa, JP Morgan Chase, Intel, Black & Decker, Goldman Sachs and Citigroup surpassing earnings expectations bolstered investor's sentiment regarding the ongoing corporate reporting season. On economic front, the trade deficit narrowed to USD 30.7 billion in August and initial jobless claims for the week ended October 10, 2009 stood at a nine month low of 5,14,000. Meanwhile, retail sales in September dropped 1.5%.

Asian markets gained during the week. Asian markets started the week on a mixed note as investors were cautious over the earning results of South Korean oil refiners while economic forecast raised by the Singapore government supported the markets. However, markets spurted in the middle of the week on the back of better than expected GDP data of China and jump in Australian consumer sentiments. Commodity stocks also lifted the markets as the crude oil prices rose. Further, positive cues from the US stock markets and encouraging corporate results across the region contributed to the firm trend. At the end of the week markets cooled off little bit due to profit taking however remained higher from the last week closing.

European stocks belled the week on an upbeat note as better than expected results of Dutch giant Philips helped reinforce investor confidence in the third-quarter earnings season. However thereafter markets pared gains pressured by weaker financial and pharmaceutical stocks, with investors selling equities after disappointing sales from U.S. economic bellwether Johnson & Johnson. Further, markets rebound smartly and surged to their highest closing level in more than a year as a surge in quarterly profits at JPMorgan boosted sentiment, with banks and commodity stocks the biggest gainers.

Weekly return on major Global Indices



Data of US & European markets taken from October 08 to October 15, 2009

Weekly Change in the Composites of S&P 500

Industry	Adj. Market Cap as on 15-10-09	Adj. Market Cap as on 08-10-09	% Change
Energy	11,93,121	11,33,517	5.26
Materials	3,43,843	3,32,356	3.46
Industries	9,95,763	9,56,274	4.13
Consumer Discretionary	8,80,347	8,61,688	2.17
Consumer Staples	11,11,236	10,94,777	1.50
Health Care	12,05,605	12,18,932	-1.09
Financials	14,87,154	14,38,801	3.36
IT	18,00,060	17,49,889	2.87
Telecom Services	2,85,763	2,85,178	0.21
Utilities	3,51,001	3,44,773	1.81



Key Events

Global Key Events

- Sales at US retailers fell less than forecast in September signaling consumers are gaining confidence in the outlook for an economic recovery. The 1.5% decrease followed a 2.2% gain in the prior month.
- The US trade deficit unexpectedly narrowed in August as exports climbed to the highest level of the year and oil imports plunged. The gap fell 3.60% to USD 30.7 bn from a revised USD 31.9 bn in July.
- German investor confidence unexpectedly declined amid concerns that the pace of the nascent recovery in Europe's largest economy may ease. The ZEW Center for European Economic Research in Mannheim said its index of investor and analyst expectations, dropped to 56 from 57.7 in September.
- China's economy GDP grew 8.9% in the July-September quarter from a year earlier, compared with 7.9% in the second quarter and 6.1% in the first three months of the year in response to aggressive monetary and fiscal stimulus.
- China's exports fell the least in nine months in September and new lending grew by more than economists forecast. Exports declined 15.2% from a year earlier, the customs bureau said on its Web site. New local-currency loans climbed to Yen 516.7 bn from Yen 410.4 bn in August.

Domestic Key Events

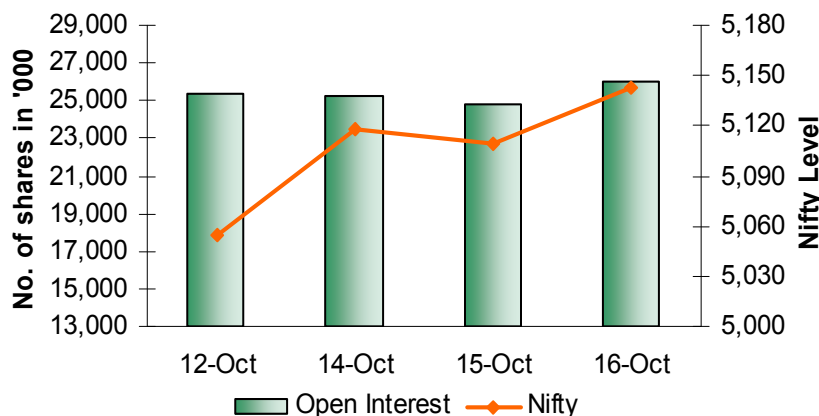
- Industrial production for the month of August rose again to double digit and seen at 10.4% whereas among sectors, the manufacturing sector grew 10.2% and within products, consumer durables grew a sharp 22.3% pushing up consumer goods production to 8.5% in August,
- India's steel consumption rose by 5.70% to 26.49 million tonnes in the first six months of the current fiscal over the same period a year ago on account of improved demand from sectors like automobile and consumer durables. The steel consumption in the April- September 2008 stood at 25.07 million tonnes.
- India received foreign direct investment of USD 3.26 bn in August, a robust growth of 40.51% over the same month last year. FDI inflows, in August last year, stood at USD 2.32 bn.
- Domestic passenger car sales have reported rise of 20.61% at 1,29,683 units in September from 1,07,517 units in the corresponding month of previous year while motorcycle sales in the country during the month was 6.56% higher at 6,73,891 units from 6,32,369 units in the same month a year ago..
- In order to refinance banks till August this year, National Bank for Agriculture and Rural Development (NABARD) pumped in Rs 10,000 crore out of the targeted Rs 33,500 crore. Moreover, out of the Rs 33,500 crore, Rs 21,000 crore would be utilized for short-term crop loans and Rs 12,500 crore for long-term investment credit.



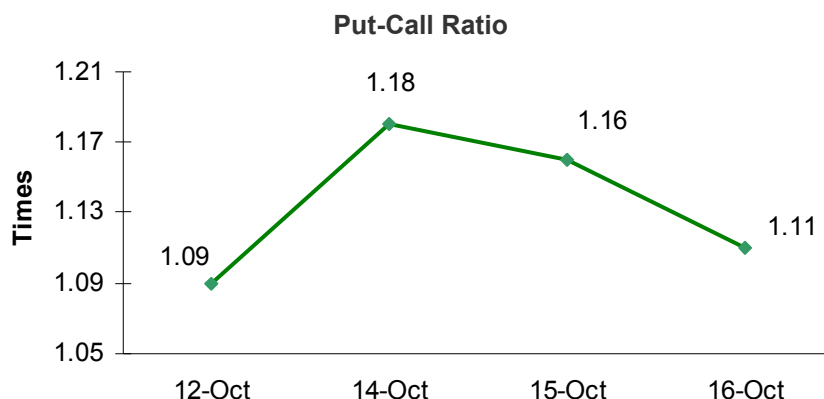
Derivatives

- On October 16, Nifty future (near month) closed with the premium of 4.95 points at 5,147.10.

Open Interest in Nifty Future vis-à-vis Nifty



- From last week, the put-call ratio increased by 13 basis points to 1.11 times.

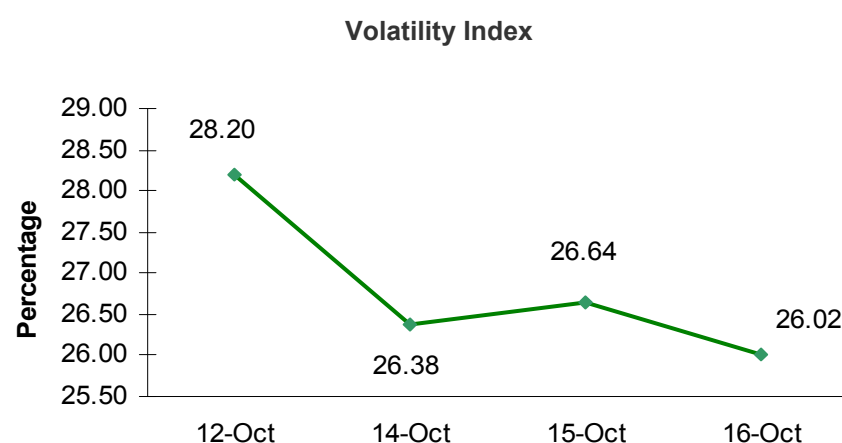


- Average Cost of Carry of the week increased and turned positive to 0.95%.

Cost of Carry

Week Ended	CoC (%)
25-Sept	2.27
01-Oct	-2.45
09-Oct	-0.67
16-Oct	0.95

- India VIX (Volatility Index), on October 16, was at 26.02%, a decrease of 423 basis points from previous week.



- FII's turned out to be net sellers both in the last 4 trading days as well as on monthly basis.

FII's investment in Derivatives

Particulars	Net Investment (Rs. Crore)
Index Futures	-92.80
Index Options	798.49
Stock Futures	-1,750.48
Stock Options	-4.82
Total	-1,049.61
This month	-1,811.64

From October 9 to October 15 (Source: NSE)



Debt

- Call money rates remained flat during the week. During the week, it touched a low of 2.76% on 15th October 2009 while on the higher end; it remained close to repo rates.

Call Rates

Date	Rate (%)
9-Oct	2.76
12-Oct	3.28
14-Oct	3.27
15-Oct	3.27

- During the week, both FIIs and MFs remained net buyers in the debt market. FIIs bought securities worth Rs. 1,605.7 crore while Mutual funds invested Rs. 1,693 crore in the debt markets.

FIIs & MFs investment in Debt Market

Period	FIIs Net Investment (Rs. Crore)	MFs Net Investment (Rs. Crore)
9-Oct	783.5	129.4
12-Oct	233.9	921.3
14-Oct	103.5	642.3
15-Oct	484.8	-
Total	1,605.7	1,693.0
This Month	4,631.1	21,682.1

(Source: SEBI)

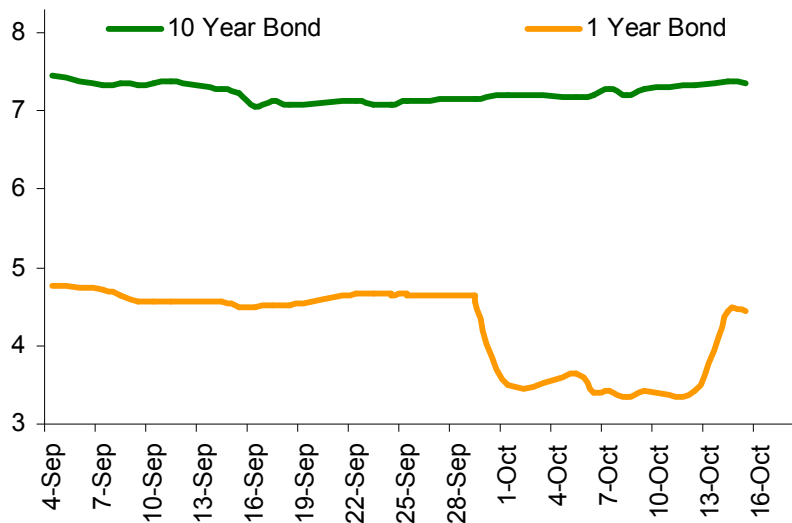
- The yields on 10 year benchmark 6.90% CG 2019 bond moved up by 15bps during the week.

Bond Yield (6.90% CG 2019)

Date	LTP (Rs.)	YTM (%)
9-Oct	97.13	7.2864
12-Oct	96.95	7.3379
14-Oct	96.76	7.3758
15-Oct	96.795	7.3600

- The spread between the yields on 10 year and 1 year bond security declined during the week.

Spread



During the week, RBI sucked Rs. 3,39,925 crore from the system under Liquidity Adjustment Facility (LAF) window while Repo transaction remained nil. On 14th September 2009, RBI auctioned 182-day Treasury Bills worth Rs. 2,000 crore and 91-day Treasury Bills worth Rs. 7,000 crore. On 14th September 2009, Government of India auctioned 6.35% GS 2020 worth Rs. 4,000 crore, 7.35% GS 2024 worth Rs. 3,000 crore and new 5 year GS 2014 worth Rs. 3,000 crore.

Liquidity Adjustment Facility

Date	Reverse Repo (Rs. Crore)	Repo (Rs. Crore)
9-Oct	83,695	0
12-Oct	94,275	0
14-Oct	86,345	0
15-Oct	75,610	0
This month	9,68,620	0



Commodity

Crude Oil prices jumped 2.69% in the international markets and more than 9% in the domestic markets during the week as dollar slipped against other major currencies. Further, expectedly large weekly fall in U.S. inventories and a rally across equity markets to year-highs boosted the oil prices. In addition, refiners that make gasoline and other fuels swiftly cut back on production last week also fueled the crude prices.

Weekly change in Crude prices per Barrel

	15-Oct	08-Oct	Change (%)
Intl Crude Oil Prices in USD	73.62	71.69	2.69
Domestic Price in Rs.	3,442.10	3,143.45	9.50

Inventories (weekly change)

Week ended	Change	Total Inventory
09-Oct-09	0.4 mn barrels	337.8 mn barrels

Gold prices gained 0.81% in the international markets and 1.45% in the domestic markets during the week. Due to constant festive demand in the midst of rise in the overseas markets, benchmark Gold prices break the Rs 16,000-mark in the Indian market while a fading US dollar makes the precious metal cheaper for investors holding other currencies.

Weekly change in Gold prices in Rs/10gms

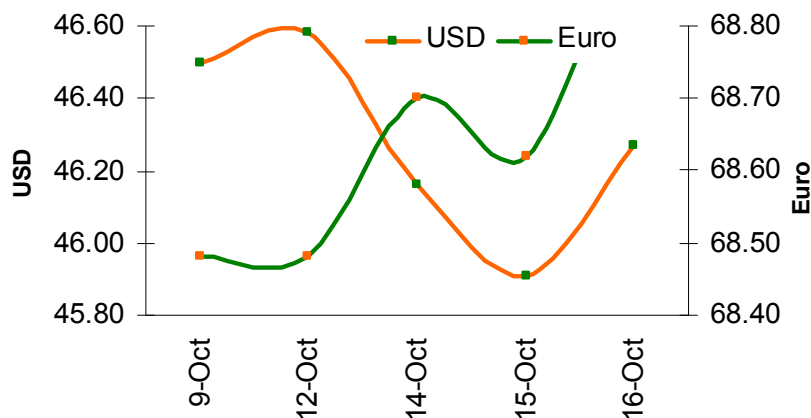
	15-Oct	08-Oct	Change (%)
London pm fix (USD/troy oz)	1,053.50	1,045	0.81
Mumbai (Rs/10gms)	16,100	15,870	1.45



Forex

Rupee appreciated by 0.49% to 46.27 per USD w-o-w basis. Rupee maintained a generally firm tone against the US currency and strengthened to 13 months highs before correcting slightly weaker as the dollar's fall versus major's currencies and a higher domestic shares also raised hopes for more capital inflows. The dollar fell to a 13-month low against a basket of currencies as comments by the head of Australia's central bank encouraged investors to buy the higher-yielding Australian dollar, which helped other currencies gain. However later in the week rupee pared gains weighed by demand for the US unit from importers and oil refiners.

INR vs. USD and Euro



India's foreign exchange reserves for the week ended October 09, 2009 increased by USD 1.52 bn to touch USD 281.86 bn.

Weekly change in INR

INR/	16-Oct	09-Oct	% change
USD	46.27	46.50	-0.49
EURO	68.97	68.48	0.72
YEN	50.89	52.17	-2.45

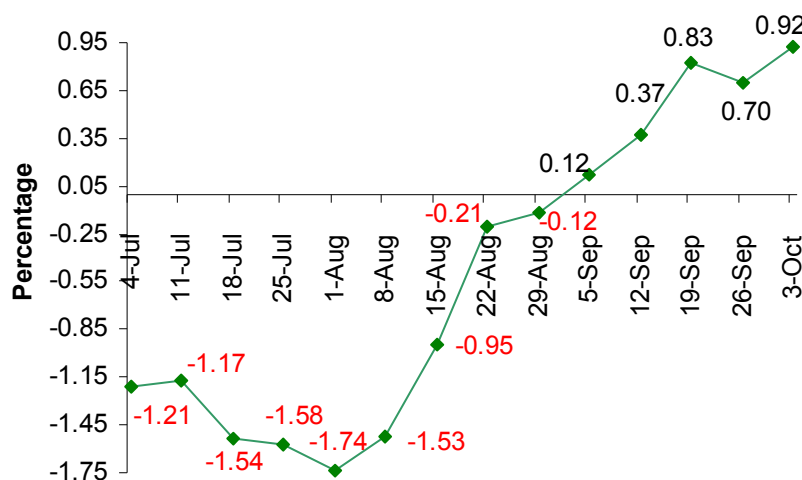


Economy

Inflation up marginally at 0.92%

Inflation rate as measured by wholesale price index (WPI) stood at 0.92% for the week ended October 03rd, 2009. The increase in the WPI based inflation was due to the base effect, low Inflation at the same time last year, negated the effect of decline in the WPI.

WPI based Inflation in last three months



Source- Office of the Economic Advisor

Key Economic Indicators	Latest	Previous	Change
Investment Deposit Ratio (%)	33.33 (September 25)	32.96 (September 11)	Increased
Credit Deposit Ratio (%)	69.74 (September 25)	69.10 (September 11)	Increased
Inflation (WPI) (%)	0.92 (October 03)	0.70 (September 26)	Increased
Money Supply (%)	19.00 (September 25)	19.70 (September 11)	Decreased
Bank Credit (%)	12.60 (September 25)	13.20 (September 11)	Decreased
Aggregate Deposits (%)	19.80 (September 25)	20.20 (September 11)	Decreased
Forex Reserves USD bn	281.86 (October 09)	280.34 (October 02)	Increased

Results Declared

(Rs in Crores)

Name of Companies	Total Incomes		Net Profit	
	Qtr ending Sept – 09	Y-o-Y %Change	Qtr ending Sept – 09	Y-o-Y %Change
Reliance Ind. Infra Ltd.	13.69	(20.88)	5.55	4.26
Exide Industries Ltd.	951.84	5.66	149.67	92.28
HDFC	2,850.23	8.76	663.94	24.28
HDFC Bank	4,999.29	7.88	687.46	30.21
AXIS Bank Ltd	3,925.94	21.19	531.64	31.95
Praj Industries Ltd	211.39	2.75	39.60	31.26
Sintex Industries Ltd	420.94	(9.20)	46.99	(31.14)
Motilal Oswal Fin Services	11.98	(36.07)	17.39	79.46
Bajaj Auto Ltd	2,909.24	14.48	402.83	117.85
Jindal Saw Ltd	1,372.85	(7.64)	146.43	46.31

Upcoming Results

Companies	Date	Companies	Date
Tech Mahindra	20-Oct-09	BHEL	23-Oct-09
Sesa Goa	20-Oct-09	Punj Lloyd	23-Oct-09
Apollo Tyres	20-Oct-09	Dr.Reddy's Lab	23-Oct-09
Polaris Software	20-Oct-09	Indian Bank	23-Oct-09
Hero Honda	21-Oct-09	Bharat Forge	23-Oct-09
JP Associates	21-Oct-09	Zee Entertainment	23-Oct-09
Yes Bank	21-Oct-09	HCC	23-Oct-09
Biocon	22-Oct-09	Titan Industries	23-Oct-09
SAIL	22-Oct-09	Pantaloon Retail	23-Oct-09
Larsen and Toubro	22-Oct-09	Edelweiss Capital	23-Oct-09
Allahabad Bank	22-Oct-09	TVS Motor Company	23-Oct-09
Piramal Healthcare	22-Oct-09	JSW Steel	23-Oct-09
Rolta India	22-Oct-09	Bata India	23-Oct-09
Hindustan Zinc	22-Oct-09	Century Textiles	23-Oct-09
Bhushan Steel	22-Oct-09	Maruti Suzuki	24-Oct-09
Asian Paints	22-Oct-09	India Infoline	24-Oct-09

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