

DAILY MARKET OUTLOOK

Market Snapshot

The Sensex opened with a positive gap of 35 points at 14,218, and soon rallied to an intra-day high of 14,259; however with profit-taking at higher levels saw it slipped to a low of 14,112. Steady buying, saw the index rebound and finally settle with a marginal gain of 26 points at 14,209. Nifty gained 12 points to settle at 4,102.

The NSE & BSE cash volumes were slightly lower compared to the previous day at INR 75 bn and INR 37 bn. The F&O volumes were slightly lower compared to the previous day at INR 350 bn.

Sentiment Indicators

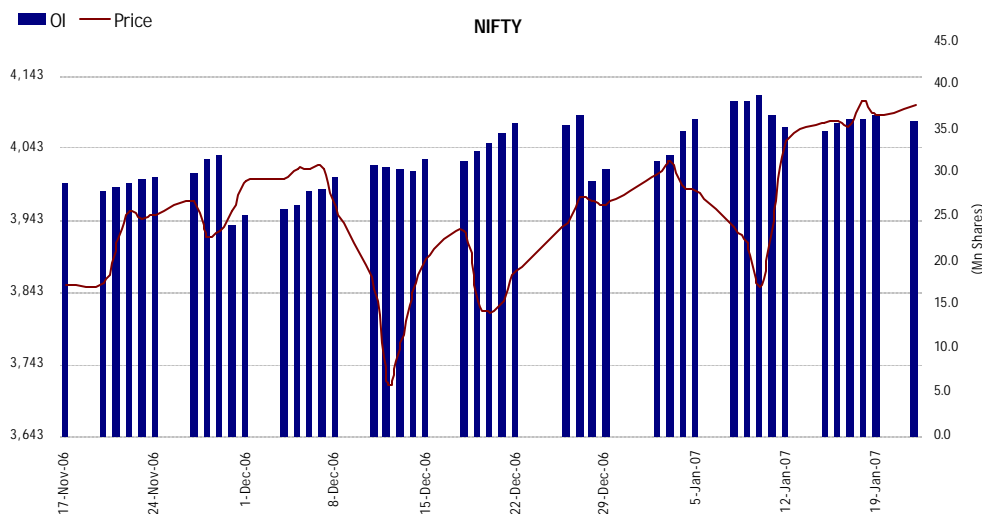
The Implied Volatility (IV) across Nifty strikes has increased to 23-25% levels. The WPCR of Nifty Options increased to 1.67 compared to the previous day while the 5 day average is 1.73. The January futures are now trading at 13 points premium. The Nifty Futures OI has decreased by 2 %.

Outlook

As we go further in the expiry week we expect the market to be intra-day volatile with the Nifty trading between 4050 and 4150 levels. With global cues being flat and no major international or domestic triggers the market is expected to trade stock specific based on the results. The tone of the market can be set by the results of Tata Motors, SBI, Bharti and Cipla.

Nifty rolls have been 23% and market wide rolls are around 30%. The average roll cost continues to inch upwards to 70-75 bps indicating strong rolling over of long positions. The Nifty rollover cost can go up to 9-10 points from 6-7 as observed yesterday as many long rollovers still waiting on the fence for the levels to contract.

Nifty has an immediate support at 4031 followed by 3974 and on the upside Nifty will continue to face a resistance at 4114 and 4137.



January 23, 2007

Market Snapshot

	22-Jan	19-Jan	% Chg
Nifty	4090.2	4090.2	0.0
Sensex	14209.2	14182.7	0.2
BSE MidCap	6084.2	6075.5	0.1
BSE SmallCap	7565.1	7560.2	0.1

Feb Futures

	13.0%	24.8%	-47.8
Average ICC (p.a.)**			

Volume (INR mn)

	308,265	324,867	-5.1
Futures			
Call	23,465	30,055	-21.9
Put	18,842	24,633	-23.5
Total	350,572	379,555	-7.6
NSE Cash Vol.	90,538	90,538	0.0
BSE Cash Vol.	37,189	41,452	-10.3

Open Interest (INR mn)

	442,550	444,189	-0.4
Futures			
Call	89,109	87,066	2.3
Put	102,958	101,677	1.3
Total	634,617	632,932	0.3

Put Call Ratios

	0.79	0.81	-1.9
PCR			
WPCR	0.04	0.06	-30.4
OI PCR	1.12	1.13	-1.2
Total OI/ Volume	1.81	1.67	8.6

Nifty IVs at 23 - 25% levels.

FII Activity* (INR Mn) (19-Jan)

	Buy	Sell	Net
Cash	21,061	20,293	768
Index Futures	15,733	21,265	(5,532)
Stock Futures	15,317	16,227	(910)
Total	52,111	57,785	(5,674)
Open Interest	19-Jan	18-Jan	% Chg
Index Futures	131,774	130,550	0.9
Stock Futures	170,203	169,341	0.5
Total F&O OI	386,793	383,357	0.9

Mutual Fund Activity* (INR Mn) (19-Jan)

	Buy	Sell	Net
Equity	4,090	8,111	(4,021)

*FII & MF Data is reported a day late

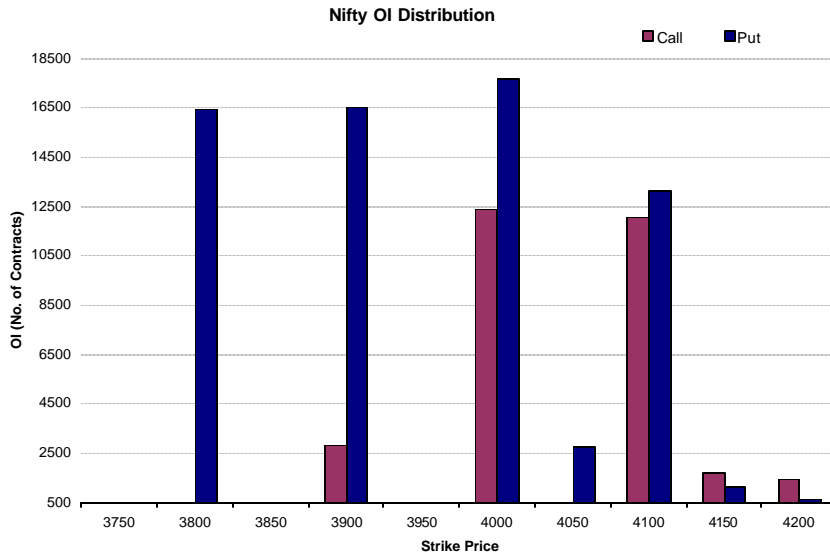
** Avg of positive ICC's

Pending Calls

Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
Lupin	Buy	23-Jan-07	595.4	-	The stock has shown a bullish engulfment pattern on high volumes . The underlining trend of the stock is bullish as is evident from the higher bottom pattern in the stock price and the RSI oscillator.
Tata Motors	Buy	23-Jan-07	963.3	-	The compnay is going to announce its results today which we expect to be better and should set the tone for the auto sector. Also the Maruti results were in line due to adjustment on account of merger of the wholly owned subsidiary. The auto sector is looking good and we choose Tata motors as our best pick.
ROLTA	Buy	8-Jan-07	315.7	18%	The stock was up 2% in yesterday's session. 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	167.9	4%	The stock pared some gains and was down about a percent. 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.
VSNL	Buy	17-Jan-07	489.3	3%	The stock was up close to 3% on high volumes with a 13% rise in OI. There is a news of the company hiving off the real estate division on JRD Tata's birthday.
BHEL	Buy	15-Jan-07	2319.8	3%	The stock witnessed huge short covering as the OI was down 7% with a 2% 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.
Hindpetro	Buy	18-Jan-07	323.2	3%	The stock was up about half a percent on low volumes while the OI was down 3%. We remain bullish on OMC's as the crude prices continue to remain low.
IndHotel	Buy	2-Jan-07	156.3	1%	The stock pared gains and was down more than a percent on high volumes. 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.
IndiaCEM	Buy	16-Jan-07	241.8	1%	The stock was down more than 2% while the OI increased by 4%. We suggest India cement as the best pick in the sector coupled with the infrastructure demand spur.
PNB	Buy	18-Jan-07	526.3	0%	The stock was up close to 2% on high volumes. The company is planning to hive off its stake in NCDEX which bodes well for the stock.
SBIN	Buy	18-Jan-07	1224.2	0%	The stock closed on a marginal positive note on low volumes with no change in OI. With Banking results around the corner, we expect the sector to outperform.
Suzlon	Closed Today	16-Jan-07	1292.8	-2%	The stock was up more than 2% on high volumes and has shown a trend reversal. We suggest squaring off short positions.
ShreeCem	Buy	17-Jan-07	1492.8	-2%	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.

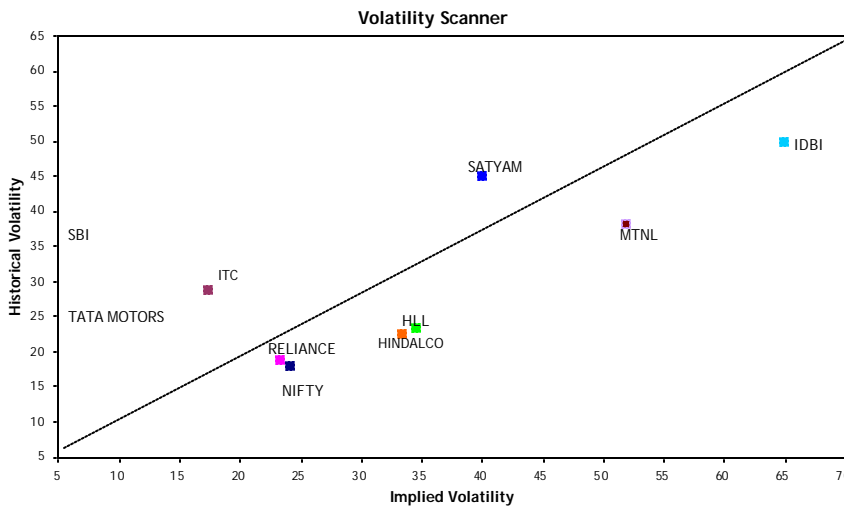
Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Great Offshore	Buy	21-Dec-06	705.0	3-Jan-07	806.2	14%
Federal Bank	Buy	12-Jan-07	237.2	16-Jan-06	259.3	9%
ONGC	Buy	18-Dec-06	820.3	8-Jan-07	896.0	9%
Aditya Birla Nuvo	Buy	11-Dec-06	1203.3	5-Jan-07	1305.0	9%
Sobha Developers	Buy	26-Dec-06	1008.3	10-Jan-07	1087.5	8%
Can Bank	Buy	12-Jan-07	256.8	16-Jan-06	271.3	6%
Jpassociat	Buy	11th Jan,2007	691.8	18-Jan-06	730.4	6%
RELIANCE	Buy	15-Jan-07	1339.5	22-Jan-07	1380.3	3%
JKCEM	Buy	16-Jan-07	198.5	22-Jan-07	200.2	1%
M&M	Buy	17-Jan-07	986.3	22-Jan-07	934.6	-5%



- Maximum OI was added to 4100 call [increase of 14.2%], and 4100 put [increase of 24.7%], 4000 put [increase of 5.2%]
- Maximum Volumes were witnessed by 4100 & 4200 Call and 4100 & 3900 Put.

Note: Data given is for February strikes.



Nifty IVs at 23%-25% levels

High IVs

- HLL IVs are quoting at 34% as against HV's of 23%
- MTNL IVs are quoting at 52% as against HV's of 38%.
- IDBI IVs are quoting at 65% as against HV's of 50%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Pharma	44073	42427	3.88%	0.3%
Telecom	65042	63868	1.84%	-0.3%
Construction	47603	47004	1.27%	-0.3%
Textile	16404	16289	0.70%	-0.8%
Oil & Gas	112793	112326	0.42%	-0.3%
Power	31619	31502	0.37%	0.1%
Cement	30439	30524	-0.28%	-0.8%
Banking	86170	87167	-1.14%	-0.3%
Metals & Mining	96027	97216	-1.22%	0.1%
FMCG	48625	49249	-1.27%	0.2%
Engineering & Capital Goods	68159	69782	-2.33%	0.2%
IT	80722	82853	-2.57%	-0.1%
Chemicals	10442	10739	-2.77%	-3.0%
Auto	60236	62826	-4.12%	0.2%

- Amongst all the sectors, the Chemicals sector was down the most. GNFC was the major loser and was down 4% followed by Gujarat Alkali and Chambal Fert.
- In the Cement Space, India cements witnessed short build up as the OI was up 4% with a 2% fall in price followed by Ultratech and Gujarat Ambuja which were down by 1% each.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Orchid Chemicals	25	4,261	4.6	189
Balrampur Chini	15	7,764	(2.1)	199
VSNL	13	4,146	2.6	62
M&M	12	2,963	(0.6)	1
Colgate Palmolive	11	1,098	(0.5)	222
RPL	10	42,589	(2.1)	28
Bajaj Hindustan	10	5,228	(1.9)	25
Satyam	9	8,399	(3.4)	(50)

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Maruti	(23)	2,255	2.9	389
Nagarjuna Fertilizers	(11)	35,000	(10.4)	44
Lupin	(11)	309	4.8	165
IDFC	(11)	13,399	3.5	4
Karnataka Bank	(11)	5,165	2.0	(36)
ZEE LTD	(10)	2,763	2.4	156
I-Flex	(10)	278	(0.9)	(78)
Infosys	(10)	3,816	2.3	41

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Nagarjuna Fertilizers	(10.4)	(11)	35,000	44
IFCI Ltd	(9.1)	7	73,710	47
Kotak Mahindra Bank	8.3	(0)	731	135
Jet Airways	6.9	8	2,363	270
Bharat Forge	(5.5)	0	5,052	51
Hindustan Construction	(4.8)	9	8,876	(18)
Lupin	4.8	(11)	309	165
Praj Industries	4.7	3	3,787	92

Top Volume Rises

Scrip	% Price Chg	Future Vol	% Price Chg	% OI Chg
Aban Offshore	435	649	3.1	5
Maruti	389	6,647	2.9	(23)
J & K Bank	384	235	1.8	3
Tata Power	336	1,318	1.7	0
Bank of Baroda	272	6,356	(0.6)	(1)
Jet Airways	270	4,384	6.9	8
Escorts India	267	5,789	2.4	4
Gujarat Narmada Fert	225	2,319	(3.8)	(2)

F&O CROSSOVER: -

Focus Stocks

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

Portfolio Tracker

22-Jan-07

Scrip	Reco	22-Jan-07 19-Jan-07		Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
		Score	Score						
Nifty	Buy	1	1	18-Jan	4,109	4,102	4	-0.2%	3,904
ACC	Sell	(1)	(1)	19-Jan	1,109	1,115	3	-0.6%	1,164
GAIL	Sell	(1)	3	22-Jan	276	276			289
HLL	Buy	1	1	17-Jan	221	225	5	1.8%	213
HPCL	Buy	3	3	29-Dec	279	323	24	16.0%	307
ICICI Bank	Neu**	1	1	19-Jan	985	977			
Infosys	Sell	(1)	(3)	12-Jan	2,223	2,254	10	-1.4%	2,312
IPCL	Buy	3	3	17-Jan	288	288	5	0.0%	275
Maruti	Buy	1	(1)	22-Jan	939	939			892
MTNL	Buy	1	3	22-Dec	139	168	31	20.8%	162
NTPC	Buy	3	3	17-Jan	140	139	5	-0.7%	133
ONGC	Sell	(3)	(1)	18-Jan	915	894	4	2.2%	939
Polaris	Buy	5	3	11-Jan	211	216	11	2.4%	210
Reliance	Buy	1	1	22-Dec	1,273	1,374	31	8.0%	1,314
Satyam	Sell	(1)	(1)	19-Jan	489	472	3	3.4%	496
SBI	Buy	3	1	17-Jan	1,223	1,225	5	0.2%	1,168
SCI	Buy	3	5	19-Dec	154	176	34	14.3%	171
TCS	Sell	(1)	(1)	19-Jan	1,298	1,313	3	-1.2%	1,363
Tata Motors	Buy	3	3	12-Jan	941	963	10	2.3%	917
Tatasteel	Buy	1	1	15-Jan	486	471	7	-3.0%	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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Ashutosh Goel - 2286 4287	Automobiles, Auto Components	Shabnam Kapur - 2286 4394
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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
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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
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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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