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MARKET THIS WEEK

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Equities may remain volatile over the next few days as rollover positions in the derivative segment from November 2009 series to December 2009 series ahead of the expiry of the near-month November 2009 contracts on Thursday, 26 November 2009. Tata Steel will be focus as the company declares consolidated Q2 September 2009 results on 26 November 2009. The next day another Tata group firm Tata Motors unveils consolidated Q2 results.

An ongoing recovery in the economy may support share prices. Industrial output grew 9.1% in September 2009 from a year earlier, helped by stimulus and festival demand, and adding to the debate on the timing of exit policy. However, Finance minister Pranab Mukherjee said on Monday, 16 November 2009, that stimulus packages to perk up the economy during the slowdown are unlikely to be withdrawn in the current financial year and the exit when it happens will be a gradual one.

Economists and analysts surveyed by the Reserve Bank of India (RBI) revised downwards India's gross domestic product projection to 6% for 2009/10 from 6.5% in the previous round of survey. The RBI released the results of the ninth round of survey on Monday 16 November 2009. The Organisation of Economic Co-operation and Development (OECD) on Thursday, 19 November 2009, raised India's 2010 GDP growth forecast to 7.3% from 7.2% earlier. OECD sees 7.6% growth in India's GDP in 2011.

The business confidence in India has surpassed the level that prevailed before the financial crisis seized economic growth prospects, according to the latest NCAER (National Council of Applied Economic Research)-MasterCard Worldwide Index of Business Confidence. The Business Confidence Index (BCI) reported a sharp rise of 21%, with a rating of 143.7 points in October 2009, compared with 118.6 points in July 2009. BCI ratings in April 2009 were at their lowest, at 81.6 points, after the global financial crisis hit world economies.

Strong global and domestic liquidity may support equities. A global glut of liquidity has pushed stock markets across the globe sharply higher since March this year. Governments and central banks around the world have injected trillions of dollars in the past one year or so to pull the world out of a most severe recession since the 1930s Great Depression.

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