

DAILY MARKET OUTLOOK

Market Snapshot

Yesterday, the Sensex opened with a positive gap 35 points at 13,343, but slipped to a low of 13,197. The index, thereafter, exhibited a range-bound movement with a negative bias for most part of the trading session. Some volatility towards the end saw the index rebound and rally to a high of 13,387. The Sensex finally ended with a marginal loss of 22 points at 13,286. The index has now broken its five-week losing streak, and finished the week with a gain of 856 points.

The NSE and BSE cash volumes were higher compared to the previous day at INR 82 bn and INR 40 bn respectively. The F&O volumes were lower at INR 337 bn.

Sentiment Indicators

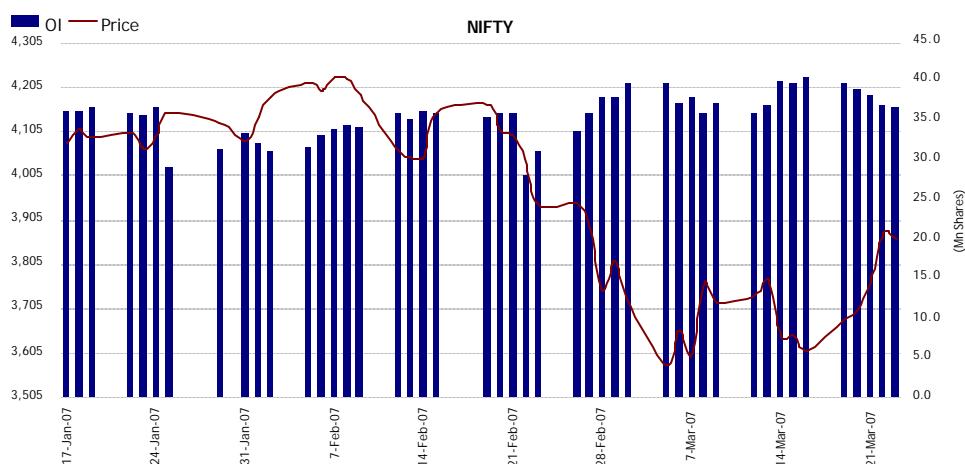
The Implied Volatility (IV) across Nifty strikes has decreased to 24-30% levels. The WPCR of Nifty Options increased to 1.03 compared to the previous day while the 5 day average is 1.08.

Outlook

The markets are expected to remain positive and move in a range in the absence of negative global cues. Nifty is expected to inch upwards on back of long rollers coming into the market more aggressively and expected buying by domestic mutual funds to prop their NAVs towards the year end. Nifty has an immediate resistance of 3900 which is 50% retracement level of the recent fall.

Nifty rolls have not yet picked up and are at 26% levels compared to 36% levels. We suggest short rollers to aggressively participate at -4/-5 levels. On the long roll side, we expect the levels to further contract. The IVs also saw a fall indicating easing concerns of fall in the immediate term.

In shorter term the Nifty has a support at 3824 followed by 3792 while the resistance is at 3900 followed by 3950.



March 26, 2007

Market Snapshot

	23-Mar	22-Mar	% Chg
Nifty	3861.1	3875.9	-0.4
Sensex	13285.9	13308.0	-0.2
BSE MidCap	5401.3	5395.2	0.1
BSE SmallCap	6456.6	6457.6	0.0

Mar Futures

Average ICC (p.a.)**	22.2%	19.7%	12.8
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Volume (INR mn)

	274,159	303,788	-9.8
Futures			
Call	33,591	52,325	-35.8
Put	29,265	46,497	-37.1
Total	337,016	402,610	-16.3
NSE Cash Vol.	82,036	78,651	4.3
BSE Cash Vol.	40,119	35,718	12.3

Open Interest (INR mn)

	366,504	369,309	-0.8
Futures			
Call	117,567	115,536	1.8
Put	105,517	102,396	3.0
Total	589,588	587,241	0.4

Put Call Ratios

	0.95	0.93	2.3
PCR			
WPCR	0.90	0.88	2.4
OI PCR	0.92	0.90	1.2
Total OI Volume	1.75	1.46	19.9

Nifty IVs at 24 - 26% levels.

FII Activity* (INR Mn) (22-Mar)

Volume	Buy	Sell	Net
Cash	25,946	18,815	7,131
Index Futures	43,633	25,151	18,482
Stock Futures	13,484	12,143	1,341
Total	83,063	56,109	26,954

Open Interest	22-Mar	21-Mar	% Chg
Index Futures	140,108	142,061	(1.4)
Stock Futures	166,083	161,834	2.6
Total F&O OI	406,928	398,027	2.2

Mutual Fund Activity* (INR Mn) (22-Mar)

Volume	Buy	Sell	Net
Equity	5,579	4,710	869

*FII & MF Data is reported a day late

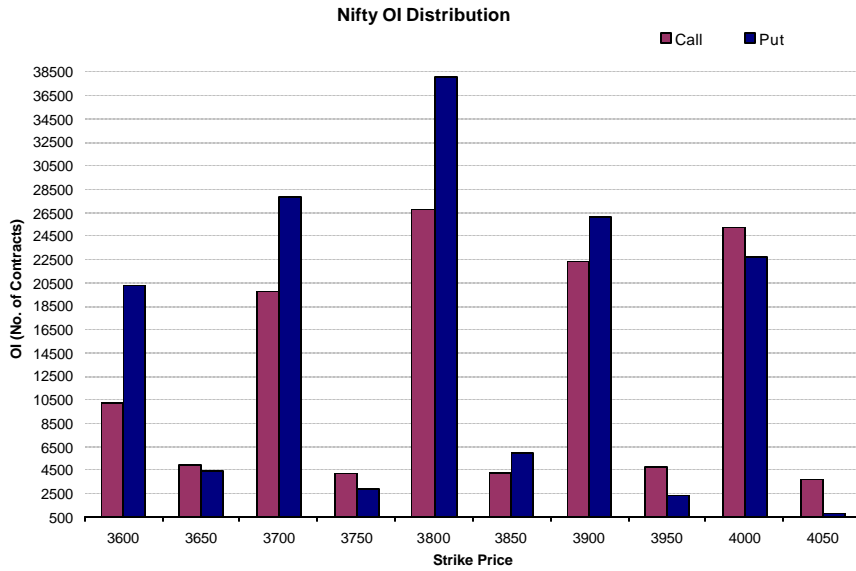
** Avg of positive ICC's

Pending Calls

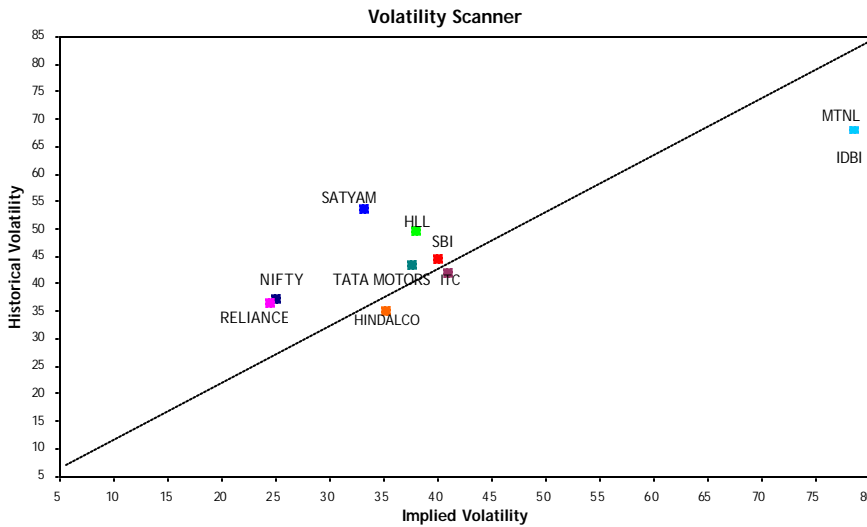
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
RelianceCap	Buy	26-Mar-07	670.8	-	The company is getting into retail broking which we believe is a huge positive and recommend a BUY at these levels.
IFCI	Buy	22-Mar-07	31.0	16%	The stock has seen good momentum over the last three session and continues to witness buying interest. We remain positive on the scrip.
SesaGoa	Buy	15-Mar-07	1701.1	7%	The stock was down 2% on good Friday. While the revised bid of Mittal Arcelor for the company stands at 2050, there are rumors of a bid from the AB group at around INR 2250.
UnionBank	Buy	21-Mar-07	104.6	6%	The stock was down 1% but the P/BV ratio is close to 1 and we expect short covering in the counter. We initiate a buy.
Nagarconst	Buy	15-Mar-07	166.3	5%	The stock was down 1%. The company has bagged various orderd totalling to INR 3.48 bn , the biggest coming from the A P Government which is a major positive for the company.
RCOM	Buy	22-Mar-07	425.6	4%	With the reduction in ADC by 37% and expected short covering make this stock an attractive BUY at current levels.
ORIENTBANK	Buy	22-Mar-07	183.5	3%	The stock has moved up on good volumes and we expect further short covering to come in. We suggest going long here.
Indiacem	Buy	15-Mar-07	164.6	3%	The cement stocks were hammered on fears that government tighten its grip on cement companies. We suggest staying invested.
Lupin	Buy	12-Mar-07	596.7	3%	The stock looks attractive at these levels as the company's US generic business is going to drive growth with the launch of Cefdinir in FY 08. Also the company's domestic formulation division has grown by 20% in past 3 years and we expect it to continue.
IDEA	Closed Today	22-Mar-07	96.5	2%	We expect some value unlocking in this stock with the Tower business being hived off into a sepeate entity making it an attractive BUY
IVRCLinfra	Closed Today	21-Mar-07	294.2	0%	The stock has been hammered pretty stongly over the last two weeks and with renewed buying having emerged in the sector, we expect this counter to outperform others.
ITC	Closed Today	22-Mar-07	144.2	0%	The stock after being hammered over the last few sessions has seen renewed buying yesterday. We suggest going long here.
BAJAJAUTO	Buy	23-Mar-07	2533.7	-1%	The stock has underperformed the sector and is just coming out of a consolidation phase. We expect bullishness in the stock and recommend a BUY with a lot of short covering around the corner.

Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Litl	Sell	14-Mar-07	194.2	15-Mar-07	178.6	9%
ICICbank	Buy	3-Mar-07	842.9	13-Mar-07	869.7	3%
bharatforg	Buy	7-Mar-07	307.6	14-Mar-07	315.5	3%
Suzlon	Sell	16-Mar-07	1015.8	22-Mar-07	994.4	2%
Rcom	Sell	16-Mar-07	397.1	20-Mar-07	390.4	2%
Hindlever	Sell	14-Mar-07	184.0	21-Mar-07	190.8	-4%
SBIN	Sell	16-Mar-07	922.0	21-Mar-07	982.2	-6%



- Maximum OI increase was in the 3900 Call [increase of 18.0%], 3850 Put [increase of 31.9%] and Maximum OI decrease was in the 3800 Call [decrease of 5.1%].
- Maximum Volumes were witnessed by 3800 & 3900 Call and 3900 & 3800 Put.



Nifty IVs at 24-26% levels

High IVs

- MTNL IV's are quoting at 79% as against HV's of 68%.
- IDBI IV's are quoting at 79% as against HV's of 68%.

Sectoral Open Interest Build Up (Contracts) for 1 days

Sector	OI	OI -D	% OI Chg	% Prc Chg
FMCG	42816	41743	2.57%	0.3%
Chemicals	10093	9842	2.55%	0.9%
Power	31012	30577	1.42%	-0.8%
Cement	48281	47834	0.93%	-0.7%
Construction	36724	36497	0.62%	-1.1%
Pharma	42825	42756	0.16%	0.1%
IT	98059	98063	0.00%	0.3%
Banking	148843	149135	-0.20%	0.3%
Auto	52234	52551	-0.60%	0.1%
Engineering & Capital Goods	43128	43442	-0.72%	0.8%
Metals & Mining	90916	91579	-0.72%	0.5%
Telecom	67966	68542	-0.84%	-1.1%
Oil & Gas	142220	145671	-2.37%	-0.6%
Textile	20404	22589	-9.67%	0.9%

- The Telecom Sector was down 1.1% with VSNL down 4% followed by IDEA and MTNL which were down 2% each.
- In the Construction space, Lanco Infra was down 2.7% followed by Sobha and Parsvanath which were down 2.5% each.
- In the Chemicals space, SRF was up 4.5% followed by Nagarfert which was up 3.2%.

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
JetAirways	19	1,790	(5.1)	139
ICICI Bank	12	6,162	(0.9)	47
CESC Ltd	11	2,080	(1.3)	17
Maharashtra Seamless	10	2,078	(1.9)	16
IIC	10	21,168	(3.5)	8
Reliance Capital	9	3,636	2.6	59
Jaiprakash Associates	9	1,186	1.3	70
ACC	9	5,001	(1.0)	3

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
IFCI Ltd	(23)	73,482	7.2	(12)
Crompton Greaves	(18)	417	5.0	78
Bank Nifty	(17)	208	(0.6)	99
Kotak Mahindra Bank	(15)	1,020	5.1	93
Century Textiles	(13)	5,964	5.3	74
Corporation Bank	(12)	545	6.4	251
UTI Bank	(12)	678	4.1	3
M&M	(11)	2,051	1.9	7

Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
IFCI Ltd	7.2	(23)	73,482	(12)
Corporation Bank	6.4	(12)	545	251
Power Finance Corp	5.6	5	3,374	482
Century Textiles	5.3	(13)	5,964	74
Kotak Mahindra Bank	5.1	(15)	1,020	93
Sterlite Ind.	5.1	1	5,291	194
JetAirways	(5.1)	19	1,790	139
Crompton Greaves	5.0	(18)	417	78

Top Volume Rises

Scrip	% Future Vol Chg	FutureVol	% Price Chg	% OI Chg
Power Finance Corp	482	5,616	5.6	5
Nicolas Piramal	274	395	(1.4)	0
Essar Oil	259	11,068	0.8	(1)
Corporation Bank	251	2,077	6.4	(12)
GTL Ltd	198	1,706	0.4	1
Sterlite Ind.	194	5,385	5.1	1
Jai Prakash Hydro	175	10,713	0.0	3
Shree Renuka Sugars	171	613	3.5	2

F&O CROSSOVER: -

Focus Stocks

o Positives: IPCL, Polaris, SCI, Tata Motors

o Negatives: ACC, Infosys, Maruti, Satyam, TCS

Portfolio Tracker

23-Mar-07

Scrip	Reco	Score	22-Mar-07 Score	Reco Date	Reco Price	Current Price	No of days running	Retn since Reco	Stop Loss*
Nifty	Neu**	(1)	(1)	22-Mar	3,876	3,861			
ACC	Sell	(5)	(5)	21-Mar	753	746	2	0.9%	784
GAIL	Sell	(1)	(1)	22-Mar	277	272	1	1.6%	286
HLL	Neu**	(1)	(1)	21-Mar	191	199			
HPCL	Sell	(1)	(1)	22-Mar	268	261	1	2.3%	274
ICICI Bank	Neu**	(1)	(3)	21-Mar	871	892			
Infosys	Sell	(3)	(5)	9-Mar	2,121	2,093	14	1.3%	2,121
IPCL	Buy	3	3	13-Mar	265	269	10	1.6%	256
Maruti	Sell	(1)	5	23-Mar	841	841			883
MTNL	Buy	1	1	16-Mar	142	146	7	2.8%	142
NTPC	Sell	(1)	(3)	14-Mar	139	145	9	-4.4%	146
ONGC	Neu**	(1)	3	21-Mar	812	843			
Polaris	Buy	3	3	16-Mar	169	186	7	10.5%	178
Reliance	Neu**	(1)	(1)	22-Mar	1,375	1,376			
Satyam	Sell	(1)	1	23-Mar	465	465			488
SBI	Neu**	(1)	(3)	21-Mar	983	1,026			
SCI	Buy	5	5	12-Mar	160	170	11	6.3%	162
TCS	Sell	(1)	(1)	23-Mar	1,288	1,288			1,353
Tata Motors	Buy	3	5	22-Mar	805	790	1	-1.9%	765
Tatasteel	Sell	(1)	(3)	20-Mar	423	438	3	-3.5%	445

Buy/ Sell/ Neutral = 5/9/6

o Maruti moves into Sell Mode due to its PCR, WPCR & OI indicators turning Negative. Buy Reco made a return of 6.2%

o Satyam moves into Sell Mode due to its OI indicator turning Negative.

o TCS moves into Sell Mode from Neutral Mode.

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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Head, Institutional Equities

INDIA RESEARCH

SECTOR

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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
Prakash Kapadia	- 2286 4432	Mid Caps	Anubhav Kanodia	- 2286 4361
Niraj Mansingka	- 2286 4304	Oil & Gas, Petrochemicals	Tushar Mahajan	- 2286 4439
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	Dipesh Shah	- 2286 4434

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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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