

# DAILY MARKET OUTLOOK

## Market Snapshot

The Sensex opened with a positive gap of 70 points at 12,650. The buying gained momentum in late noon trades and the index soared to a high of 13,100 - up 520 points from the previous close. The Sensex finally settled with a smart gain of 470 points (3.7%) at 13,049. Nifty gained 135(3.7%) points to close at 3761.

The NSE & BSE cash volumes were significantly lower compared to the previous day at INR 79 bn and INR 37 bn. The F&O volumes were a touch lower at INR 327 bn.

## Sentiment Indicators

The Implied Volatility (IV) across Nifty strikes has slightly decreased to 29-31% levels. The WPCR of Nifty Options increased to 0.95 compared to the previous day while the 5 day average is 0.93.

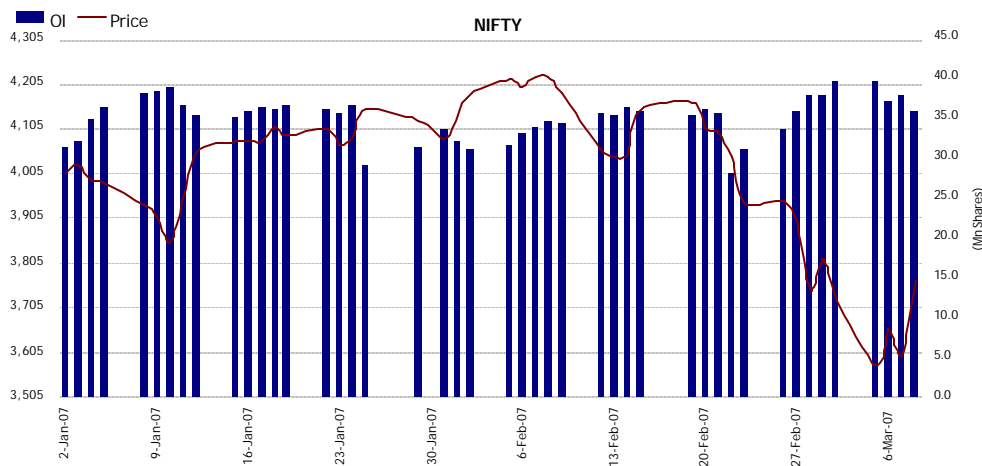
## Outlook

We expect the market to continue its uptrend as the Nifty may open with a bull gap. With marginally positive global markets and no negative triggers on the domestic front, the markets can touch the levels of 3820 where some selling can come in. US Payroll data will be coming out later tonight which can provide some trigger for the next week.

The FIIs continued to buy Index futures and continue to prefer position taking in Nifty over single stock positions. We might see some profit booking on Nifty to start as it inches above 3800 levels.

With the listing of Idea cellular today, the Telecom sector may see some gains even as heavyweights RCOM, Bharti Telecom and especially MTNL are showing strength over subscriber numbers. One could look at shorting Idea Cellular at levels above 90 and book some early profits. As the news of RIL- IPCL merger ratio comes out later today, the stocks may see some action.

The market breadth has been extremely positive indicating a secular participation of the stocks on the rise. The support side has not only stabilized from its 200 DMA but also bounced back smartly. The bull momentum seems to be picking up again and our revised resistance level for Nifty are at 3818 and 3856. On the bear side the support levels are at 3738 followed by 3692.



March 9, 2007

### Market Snapshot

	8-Mar	7-Mar	% Chg
Nifty	3761.7	3626.9	3.7
Sensex	13049.4	12579.8	3.7
BSE MidCap	5246.8	5114.4	2.6
BSE SmallCap	6245.8	6088.3	2.6

### Mar Futures

Average ICC (p.a.)**	7.9%	5.5%	43.8
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### Volume (INR mn)

	269,585	291,450	-7.5
Futures	269,585	291,450	-7.5
Call	31,740	37,037	-14.3
Put	26,395	30,483	-13.4
Total	327,719	358,970	-8.7
NSE Cash Vol.	79,541	88,818	-10.4
BSE Cash Vol.	37,788	43,276	-12.7

### Open Interest (INR mn)

	348,958	341,903	2.1
Futures	348,958	341,903	2.1
Call	96,267	90,611	6.2
Put	79,206	72,518	9.2
Total	524,431	505,032	3.8

### Put Call Ratios

	0.85	0.83	2.5
PCR	0.85	0.83	2.5
WPCR	0.81	0.82	-0.3
OI PCR	0.84	0.82	3.0
Total OI / Volume	1.60	1.41	13.7

### Nifty IVs at 29 - 31% levels.

### FII Activity\* (INR Mn) (7-Mar)

Volume	Buy	Sell	Net
Cash	26,730	25,889	841
Index Futures	23,678	16,199	7,479
Stock Futures	6,537	3,178	3,359
Total	56,945	45,266	11,679

### Open Interest

	7-Mar	6-Mar	% Chg
Index Futures	137,441	134,903	1.9
Stock Futures	144,078	146,290	(1.5)
Total F&O OI	356,482	350,674	1.7

### Mutual Fund Activity\* (INR Mn) (7-Mar)

Volume	Buy	Sell	Net
Equity	3,382	7,178	(3,796)

\*FII & MF Data is reported a day late

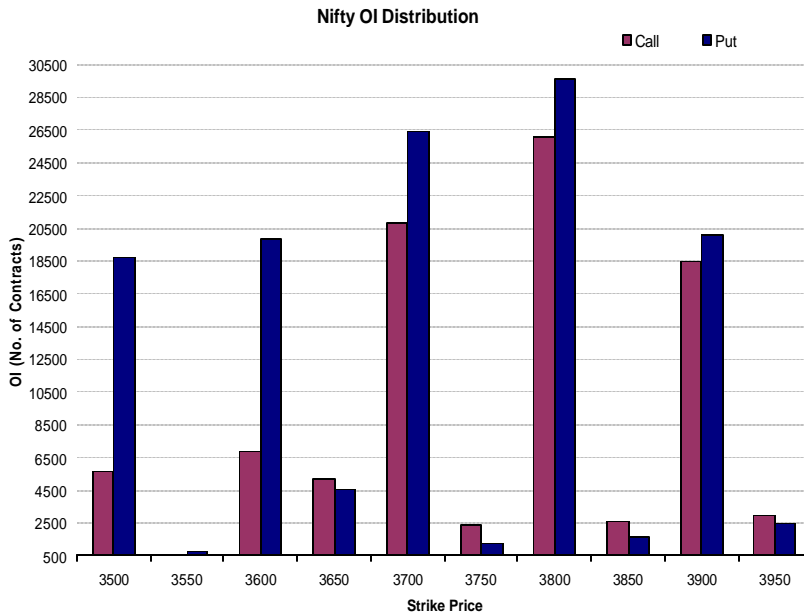
\*\* Avg of positive ICC's

## Pending Calls

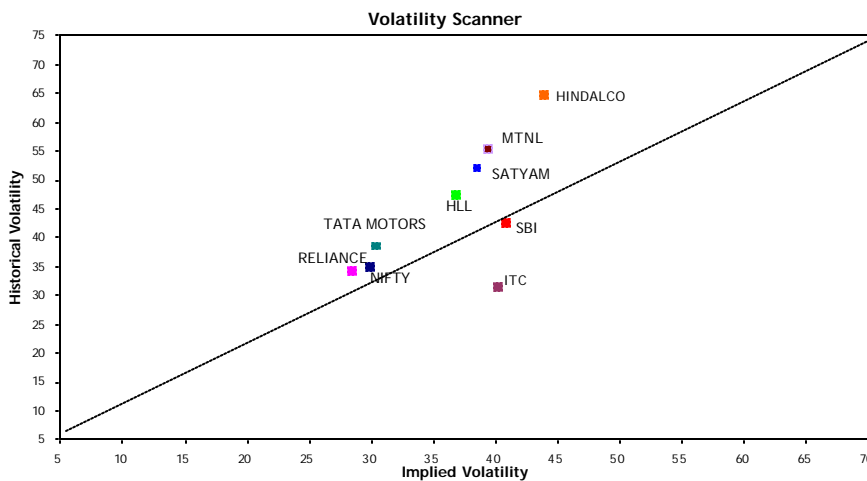
Scrip	Action	Date of Recommendation	Market Price	Returns	Rationale
RCom	Buy	8-Mar-07	434.1	6%	The telecom sector was one of the major gainer yesterday. R com surged 6% on high volumes with a 5% fall in OI. We remain positive on the scrip.
Satyamcomp	Buy	7-Mar-07	445.9	3%	The IT stocks closed with huge gains. Satyam was up close to 4% though on lower volumes than wednesday. Technically the stock has reverted from its 200 DMA support and looks a good buy at these levels.
ICICIBank	Buy	5-Mar-07	863.4	2%	The Banking stocks were the highest gainers yesterday and icici bank gained more than 4% on slightly lower volumes with a 4% fall in OI. The stock looks very attractive at current level and also there is a news of the company planning to transfer its subsidiary into to separate holding company called icici holdings.
BharatForg	Buy	7-Mar-07	310.9	1%	The stock witnessed little buying and was up about a percent without much change in OI. We suggest Auto ancillary stocks as a good bet vis-à-vis auto stocks and pick this scrip as our best pick.
Infosystch	Buy	2-Mar-07	2142.4	-1%	The stock gained more than 2% on good volumes. We are bullish on the IT sector and we pick Infosys as our best pick as the stock has been a laggard compared to peers off late and also the news on MAT in the budget has been overplayed.
Suzlon	Buy	2-Mar-07	1048.2	-2%	The stock was a laggard in yesterday's rally. However it managed to close 1% positive on low volumes. We suggest staying invested.

## Closed Calls

Scrip	Recomm	Date of Recommendation	Initiated Price	Date of Closing	Closing Price	% Return
Cinemax	Buy	15-Feb-07	152.4	20-Feb-07	174.1	14%
Suzlon	Buy	21-Feb-07	985.5	28-Feb-07	1052.1	7%
HCLTech	Buy	19-Feb-07	675.0	28-Feb-07	693.6	3%
NTPC	Buy	27-Feb-07	142.4	28-Feb-07	142.6	0%
ABirlaNuvo	Buy	5-Feb-07	1273.6	28-Feb-07	1251.4	-2%
Satyamcomp	Buy	27-Feb-07	459.2	28-Feb-07	450.5	-2%
ABB	Buy	19-Feb-07	3804.4	28-Feb-07	3693.2	-3%
JSW Steel	Buy	2-Mar-07	480.8	6-Mar-07	429.3	-11%



- Maximum OI was added to 3700 call [increase of 3.8%], 3800 call [increase of 13.1%] and 3600 put [increase of 23.8%], 3700 put [increase of 10.6%]
- Maximum Volumes were witnessed by 3700 & 3800 Call and 3600 & 3700 Put.



Nifty IVs at 29-31% levels

High IVs

- ITC IV's are quoting at 40% as against HV's of 32%.

Sectoral Open Interest Build Up (Contracts) for 1 days				
Sector	OI	OI -D	% OI Chg	% Prc Chg
Chemicals	10917	10444	4.53%	3.2%
FMCG	43073	41931	2.72%	4.0%
Auto	52254	50913	2.63%	2.3%
Textile	23822	23437	1.64%	5.8%
Cement	39270	38770	1.29%	6.1%
Banking	144746	143760	0.69%	4.7%
IT	94674	94152	0.55%	3.2%
Metals & Mining	94198	95126	-0.98%	4.6%
Power	28956	29340	-1.31%	4.8%
Pharma	44513	45331	-1.80%	4.5%
Engineering & Capital Goods	45824	46818	-2.12%	4.5%
Oil & Gas	148851	152297	-2.26%	2.8%
Construction	36612	37586	-2.59%	6.9%
Telecom	58497	60693	-3.62%	5.9%

- Amongst all the sectors, the Construction sector was up the most. HCC and Parsvnath were up close to 8% followed by IVRCL and Nagar Construction which rose by 6% each.
- In the cement space, India cements saw some short covering as the price was up 10% with a 5% fall in OI while Gujarat Ambuja saw a build up of fresh long as the price surged by 9% with a 5% rise in OI.
- In Telecom sector, TTML gained 9% followed by R com and Bharti which rose by more than 5% each.

## Futures Snapshot

## Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
UTI Bank	23	1,084	5.0	43
Patni Computer	22	322	(0.1)	147
IPCL	19	8,534	12.8	900
Maruti	17	1,818	2.3	50
BPCL	17	2,113	(0.0)	44
ITC	12	17,802	1.1	77
SRF Ltd	11	7,242	1.9	(11)
Kotak Mahindra Bank	9	674	2.7	13

## Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
Chennai Petroleum	(26)	13	2.3	(41)
BHEL	(11)	1,113	8.0	45
Sun Tv	(9)	462	3.2	37
Jaiprakash Associates	(9)	935	13.0	7
Strides Arcolab	(9)	197	6.8	81
Sobha Developers	(9)	624	7.3	15
Power Finance Corp	(8)	4,289	5.5	75
MTNL	(7)	18,363	5.0	(32)

## Top Price Change

Scrip	% Price Chg	% OI Chg	OI	% Future Vol Chg
Jaiprakash Associates	13.0	(9)	935	7
SAIL	13.0	3	22,564	77
IPCL	12.8	19	8,534	900
Century Textiles	12.3	1	7,265	9
Hinduja TMT	11.0	(1)	635	73
CESC Ltd	10.6	0	1,210	(10)
India Cements	10.1	(5)	15,322	(12)
HLL	9.9	(5)	12,888	51

## Top Volume Rises

Scrip	Chg	FutureVol	% Price Chg	% OI Chg
IPCL	900	16,170	12.8	19
IOB	230	389	0.6	(7)
Union Bank	159	2,411	6.4	8
Tata Chemicals	159	286	(1.0)	3
Amtek Auto	153	117	2.1	0
Patni Computer	147	175	(0.1)	22
Tata Teleservices	118	22,321	9.4	0
Bata India	112	590	4.2	4

## F&amp;O CROSSOVER: -

## Focus Stocks

- o Positives: ACC, Polaris, SBI, Tata steel
- o Negatives: GAIL, IPCL, ONGC, Tata Motors.

## Portfolio Tracker

8-Mar-07

	Scrip	Reco	8-Mar-07 Score	7-Mar-07 Score	Reco Date	Price	Current Price	No of days running	Retn since Reco	Stop Loss*
o ACC moves into Buy Mode from Neutral Mode.	Nifty	Neu**	(1)	(1)	6-Mar	3,656	3,762			
	ACC	Buy	1	1	8-Mar	833	833			791
	GAIL	Sell	(3)	(1)	6-Mar	267	272	2	-1.8%	280
o HLL moves into Neutral Mode due to Whip-Shaw.	HLL	Neu**	(1)	1	8-Mar	184	184			
	HPCL	Sell	(1)	(1)	26-Feb	277	244	10	12.0%	255
	ICICI Bank	Neu**	(1)	(1)	6-Mar	848	863			
o IPCL moves into Sell Mode from Neutral Mode.	Infosys	Neu**	(1)	(1)	6-Mar	2,114	2,136			
	IPCL	Sell	(3)	(3)	8-Mar	261	261			274
	Maruti	Sell	(1)	(1)	23-Feb	864	792	13	8.2%	812
o Reliance moves into Neutral Mode, Sell Reco makes a return of 2.4%.	MTNL	Neu**	(3)	(5)	6-Mar	141	150			
	NTPC	Sell	(5)	(3)	21-Feb	143	136	15	4.6%	139
	ONGC	Sell	(1)	1	8-Mar	780	780			818
o TCS moves into Neutral Mode, Sell Reco makes a return of 5.1%.	Polaris	Buy	1	1	8-Mar	166	166			158
	Reliance	Neu**	(5)	(5)	8-Mar	1,336	1,336			
	Satyam	Sell	(3)	(3)	7-Mar	430	446	1	-3.7%	452
o Tata Motors moves into Sell Mode from Neutral Mode.	SBI	Buy	1	1	7-Mar	964	999	1	3.6%	949
	SCI	Sell	(1)	(3)	27-Feb	178	157	9	11.6%	160
	TCS	Neu**	(5)	(5)	8-Mar	1,218	1,218			
	Tata Motors	Sell	(5)	(5)	8-Mar	767	767			805
	Tatasteel	Buy	1	1	5-Mar	421	428	3	1.7%	406

Buy/ Sell/ Neutral = 4/9/7

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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**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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