

WEEKLY | FUNDAMENTAL



OUR REPORTS

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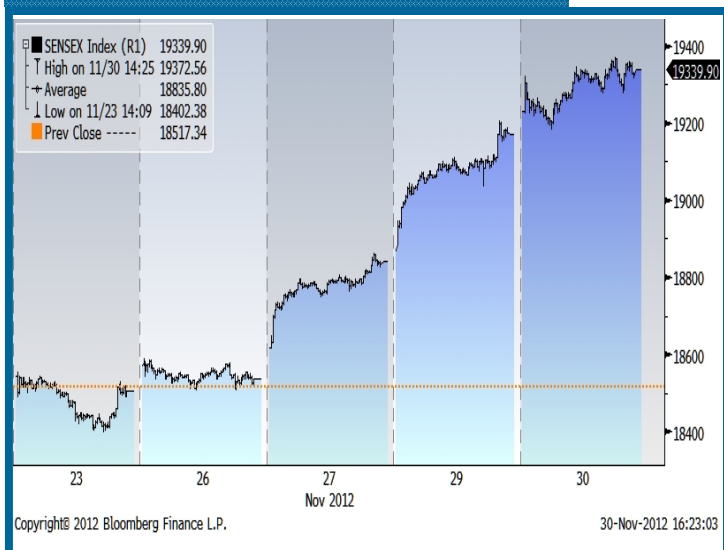
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MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

After initial volatility during the week, Indian markets gained momentum as the UPA government agreed for a vote on FDI in Retail after having gained confidence of some allies, which signalled that the government may be able to push through key reforms. Added to this positive sentiments were favourable news flows from the US on the Fiscal Cliff and Chinese growth also fuelled global Equities and Commodities rally. During the week, INR also appreciated on these positive vibes which aided Banking stocks appreciation. This week is very crucial as the results of voting on FDI in Retail will throw light on the reforms agenda of the government. If the voting is favourable we may see markets gaining further grounds, led by Banking & Capital goods stocks and select mid caps like Pantaloon, Aditya Birla Nuvo, Blue Star etc. We recommend investors to BUY SBI, L&T, BHEL in large caps and Blue Star, Il&FS Transportation, Cera Ceramics, Pidilite in the mid cap space.

WEEK IN RETROSPECT

The Indian markets closed at 19 month high level courtesy moody's reaffirmation of stable outlook on India, scheduled vote on FDI and last but not the least the Indian GDP which came in line with the consensus.

On domestic front, India's quarter ended September GDP data came at around 5.30percent which is in line with the general consensus however it missed the government's expectation.

On global front, U.S. reported their quarter ended September GDP data which is 2.7percent which just missed the consensus of 2.80per cent.

The U.S. consumer spending data showed decline affected by Sandy, showing the world's largest economy is cooling. The 0.2 percent decrease in purchases followed a 0.8 percent gain. Inflation adjustment decline was 0.3 percent, the highest in more than three years. Incomes were little changed last month as the biggest Atlantic storm to ever hit the U.S. shaved \$18.2 billion in wages at an annual rate.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y % CH	Current P/E	FY13 EST P/E	FY14 EST P/E	Current P/B	FY13 EST P/B	FY14 EST P/B
DOW JONES	13025.58	0.12	(0.51)	(0.49)	8.37	13.06	12.49	11.61	2.57	2.52	2.29
NASDAQ	3010.24	1.46	0.94	(1.85)	14.59	20.39	16.29	14.03	2.70	2.55	2.27
S&P 500	1416.18	0.49	0.14	0.68	13.81	14.42	13.62	12.32	2.13	2.08	1.91
FTSE 100	5866.82	0.82	(0.02)	1.88	5.66	15.04	11.53	10.59	1.71	1.63	1.52
CAC 40	3557.28	0.80	1.85	2.99	12.39	12.32	11.09	10.26	1.17	1.14	1.08
DAX	7405.50	1.31	0.56	5.57	21.78	14.61	10.89	10.47	1.40	1.37	1.28
NIKKEI 225	9466.01	0.84	4.36	7.53	9.28	24.60	17.74	14.62	1.20	1.15	1.09
HANG SENG	22030.39	0.53	(0.36)	12.63	15.70	11.27	11.53	10.58	1.46	1.42	1.31
STRAITS TIMES	3069.95	2.69	0.96	1.74	10.69	11.71	14.28	13.42	1.39	1.39	1.32
TAIWAN TAIEX	7580.17	3.47	5.12	1.74	6.15	22.84	18.15	14.20	1.62	1.74	1.63
KOSPI	1932.90	1.12	0.74	1.05	0.88	14.41	10.59	8.72	0.99	1.13	1.02
BRAZIL BOVESPA	57474.57	(0.17)	(1.55)	0.33	(0.71)	19.95	16.54	10.63	1.16	1.15	1.09
RUSSIAN RTS	1437.49	0.73	(0.46)	2.23	(6.99)	5.73	5.59	5.45	0.79	0.76	0.69
SHANGHAI SE COMPOSIT	1980.11	(2.33)	(6.46)	(3.83)	(16.12)	10.92	9.41	8.35	1.44	1.34	1.20
BSE SENSEX	19339.90	4.44	3.11	11.24	14.79	16.25	15.78	13.81	2.72	2.59	2.29
NSE S&P CNX NIFTY	5879.85	4.48	3.19	11.91	16.43	16.18	15.70	13.77	2.65	2.57	2.25

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1315.49	0.81	0.74	2.71	10.76
MSCI AC WORLD	332.64	0.85	0.67	3.07	9.98
MSCI AC ASIA PACIFIC	124.64	1.44	1.70	5.88	5.93
MSCI EM	1007.02	1.11	0.23	5.68	4.80

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	15.87	4.82	(9.77)	(9.15)	(42.33)
INDIA NSE VOLATILITY	15.15	1.60	10.90	(12.32)	(36.84)

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	1.61	(4.39)	(6.00)	(0.47)	(21.87)
UK Govt Bonds 10 Year Note Gen	1.77	(3.69)	(2.84)	22.24	(23.22)
Brazil Government Generic Bond	2.49	(1.73)	(4.14)	(12.01)	(37.13)
Japan Govt Bond Year to maturity	0.71	(3.37)	(5.91)	(11.27)	(33.21)
Australia Govt Bonds Generic M	3.15	(4.18)	0.67	1.12	(19.71)
India Govt Bond Generic Bid Yi	8.17	(0.66)	(0.04)	(0.23)	(6.46)

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	80.15	(0.04)	0.29	(1.29)	2.25
EUR-USD X-RATE	1.29	0.07	0.20	3.23	(3.42)
USD-GBP X-RATE	0.62	0.09	0.72	(0.92)	(1.93)
USD-BRL X-RATE	2.13	(2.55)	(4.92)	(4.92)	(15.33)
USD-JPY X-RATE	82.48	(0.09)	(3.28)	(4.95)	(5.89)
USD- X-RATE	54.26	2.30	(0.83)	2.32	(3.78)
USD-CNY X-RATE	6.22	0.02	0.17	1.96	2.45
USD-KRW X-RATE	1082.85	0.30	0.72	4.78	5.51

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.31	(0.32)	(0.72)	(26.20)	(41.29)
MIBOR Offer Market 3M	0.19	0	(5.00)	(32.14)	(87.07)
India Indicative Call Rate	8.13	0.37	(0.99)	1.88	(3.21)

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	7995.00	2.80	3.03	4.99	1.39
ALUMINUM (USD/T)	2094.00	5.59	9.86	10.09	(0.75)
ZINC (USD/T)	2046.00	4.33	9.41	11.13	(1.20)
LEAD (USD/T)	2252.00	2.55	9.16	14.60	6.73
OIL (USD/BBL)	88.91	0.71	3.09	(7.83)	(11.40)
NATURAL GAS (USD/MMBTU)	3.56	(11.72)	(6.78)	6.07	(18.75)

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1714.80	(2.18)	(0.34)	1.34	(1.80)
SILVER (USD/OZ)	33.41	(1.98)	3.60	5.29	1.89

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1086.00	(0.36)	10.14	55.58	(41.80)
BBG WORLD IRON INDEX	170.51	0.13	(3.04)	4.61	(19.19)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	150.60	(0.13)	(5.49)	(10.59)	(38.21)
COTTON (USD/IB)	73.91	3.47	3.53	(5.22)	(16.95)
SUGAR (USD/IB)	19.34	1.04	(0.61)	(5.70)	(17.45)
WHEAT (USD/BU)	863.50	0.23	(1.79)	(4.00)	23.97
SOYBEAN (USD/BU)	1438.75	1.41	(7.10)	(17.83)	24.43

INSTITUTIONAL FLOW IN Cr (26/11-30/11)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	14685.10	10818.80	3866.40
DII	4721.28	6820.30	(2099.02)
MF	273.80	482.50	(208.70)

FII DERIVATIVE SEGMENT IN Cr (26/11-30/11)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	16583.60	12136.64	4446.97
INDEX OPTION	50412.97	48234.25	2178.72
STOCK FUTURE	32921.06	33337.68	(416.62)
STOCK OPTION	4822.91	4855.32	(32.41)

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
CONSUMER DURABLES	8031.24	7.58	28.68	42.29	130.16	100.35
REALTY	1998.36	6.29	32.26	27.19	-45.41	23.16
BANKEK	13951.88	5.50	21.15	41.64	38.93	13.30
METAL	10355.19	5.33	6.89	1.28	-36.44	10.78
MIDCAPS	6901.99	4.67	14.94	22.64	7.58	16.74
CNXMCAP INDEX	8139.80	4.55	15.20	22.57	13.86	14.51
NIFTY INDEX	5879.85	4.48	11.82	21.68	16.83	16.18
SENSEX INDEX	19339.90	4.44	10.96	19.95	14.26	16.25
CAPITAL GOODS	11080.20	4.29	17.28	14.61	-16.82	20.95
FMCG	6037.91	3.81	12.74	49.42	110.23	41.49
OIL & GAS	8252.14	3.59	0.49	1.22	-19.75	10.25
SMALLCAP	7275.65	3.30	13.77	19.33	-3.29	35.24
POWER	1980.33	3.10	5.85	2.27	-33.53	20.19
HEALTHCARE	7946.48	2.78	6.02	31.23	66.68	28.02
AUTOMOBILES	10814.46	2.76	17.03	28.22	54.13	12.28
IT	5888.42	2.73	2.55	7.08	23.78	16.23

TOP 10 PERFORMING STOCKS OF THE WEEK					
NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
IDFC LTD.	NBFC	10.67	SUZLON ENERGY	ENERGY	28.20
BHARTI AIRTEL	TELECOM	9.49	PANTALOON	RETAIL	18.87
ASIAN PAINTS LTD	PAINT	9.13	UNITECH LTD.	TELECOM	16.97
SESA GOA LTD	MINING	8.91	GVK POWER INFR	INFRASTRUCTURE	14.75
HDFC	NBFC	8.82	STRIDES ACROLAB	PHARMA	14.22
HINDALCO	METAL	7.66	LANCO INFRA	INFRASTRUCTURE	13.88
JINDAL STEEL & P	INFRASTRUCTURE	7.17	ADANI POWER	POWER	13.22
CIPLA LTD	PHARMA	7.08	INDIABULLS FIN	NBFC	13.11
PUNJAB NAT. BANK	BANKING	6.97	KANSAI NEROLAC	PAINT	10.93
JP ASSOCIATES	CONSTRN	6.95	CESC LTD.	POWER	10.84

METALS & MINING

Vedanta group firm Sesa Goa today said it may have to resort to imports of iron ore for feeding its 6.25 lakh tonnes pig iron plant in Goa due to a mining ban in the state. Incidentally, Sesa Goa is the largest domestic iron ore mine and had sold 16 million tonnes of iron ore in 2011-12. However, since the imposition of mining ban in Goa in September this year, its production has come to naught. As such, the company does not have adequate iron ore to run its own pig iron plant which may force Sesa Goa to either shut down blast furnaces or go for imports to feed the plant. "With no mining in Goa, we will have to resort to imports to keep our pig iron plant running and the days are not too far." The Goa Government had ordered a temporary suspension on extraction of ore across the state on September 11, pending verification of various approval documents in view of the findings of Justice M B Shah Commission on illegal mining. On 5 October 2012, the Supreme Court ordered a suspension on mining activities in Goa, including transportation of mined ore from mines or stockyards and asked the Central Empowered Committee to file a preliminary report in four weeks. Sesa Goa, which sold 16 million tonnes of iron ore in last fiscal from its mines in Karnataka and Goa, has not produced even a single tonne after the temporary ban was imposed on iron ore mining in Goa. The company, in August, had increased its pig iron making capacity to 6.25 lakh tonnes (LT) per annum from the earlier capacity of 2.5 LT in a year. Pig iron is an intermediate product of smelting iron ore and has two major types—basic grade, which is used for steel making and foundry grade, which is used for making iron castings. It requires around 1.6 million tonnes of iron ore to make one million tonne of pig iron. Sesa Goa's revenues have tumbled ever since a mining ban was put in place by the Supreme Court in Karnataka last year as this had led to closure of operations in the Southern state. In last fiscal, it had reported Rs 2,108 crore net profits on net sales of Rs 8,275 crore. The company is now hoping to get an approval to resume its operations in Karnataka, where rehabilitation and reclamation plan for its mine at a reduced capacity of 2.29MT has been approved by the CEC. Sesa Goa's mine in Karnataka, which comes in Category-B of CEC categorization, had potential to produce six MT iron ore in a year.

BANKING

Tight liquidity in the banking system has prompted the Reserve Bank of India (RBI) to announce the purchase of government securities aggregating Rs 12,000 crore through Open Market Operations (OMOs) on December 4. "Consistent with the stance of monetary policy and based on the current assessment of prevailing and evolving liquidity conditions, the Reserve Bank has decided to conduct OMOs through multi-security auction," the RBI said in a statement. The banking system has been facing liquidity tightness since the second week of November, with banks collectively borrowing over Rs 1-lakh crore on a daily basis.

The Reserve Bank today allowed IndusInd Bank to increase its FII investment limit to 49 percent but asked it to ensure that the aggregate foreign investment in the bank does not exceed 74 percent. "The Reserve Bank advice that its approval to the IndusInd Bank for raising FII investment limit to 49 percent is subject to the condition that aggregate foreign investment in the bank should also not exceed the composite sectoral cap of 74 percent," the apex bank said in a statement. As on September-end, Foreign Institutional Investors' (FIIs) had 34.26 percent stake in the bank. In its Annual General Meeting, IndusInd Bank's promoters had passed resolutions to allow FIIs to buy up to 49 percent of its paid-up equity capital through primary/secondary markets in India. As IndusInd Bank has now passed necessary resolutions in this regard, equity shares of IndusInd Bank can now be purchased through primary market and stock exchanges," RBI said. However, the purchase of equity shares by a single FII/SEBI approved sub-account of a registered FII in the IndusInd Bank should not exceed 10 percent.

December 03, 2012

- ◆ U.S. ISM Manufacturing data for the month ended November,2012.

December 04, 2012

- ◆ U.S. total Vehicles sales data for the month ended November,2012.

December 05, 2012

- ◆ U.S. MBA Mortgage Applications data for the week ended November 30,2012.
- ◆ U.S. Factory orders data for the month ended October,2012.

December 06, 2012

- ◆ U.S. Challenger Job cuts data for the month ended November ,2012.
- ◆ The U.S. Initial Jobless claims data for the week ended Dec 01,2012.
- ◆ The Bloomberg Consumer comfort data for the week ended Dec 02,2012.

December 07, 2012

- ◆ U. of Michigan confidence data for the month of December ,2012.

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