

**Indian Markets**

The special session of trade proved soothing one for the bulls after the Friday's bloodbath. The domestic equity indices registered handsome gains in the one and a half hour of session on Saturday buoyed by the positive close on the Wall Street in overnight trade. Fall in the US unemployment rate to its five-month low in January to 9.7% pushed the European debt worries on the back seat. Back home, buying remained evident across the board during the session with realty, metal and oil & gas topping the gainers list. The markets trimmed gains after early rise. However, sharp surge in last few minutes of trade helped the indices to finish the day on a strong note. Energy major, RIL gained over one percent in trade. Comments from the chairman of the Prime Minister's Economic Advisory Council (EAC) C Rangarajan that withdrawal of the stimulus must be gradual and there should be no sharp turnaround in policy also boosted the market sentiment. Finally, the BSE Sensex advanced 124.72 points or 0.79% to shut shop at 15,915.65 while the S&P CNX Nifty gained 38.60 points or 0.82% to settle at 4757.25. The market breadth on the BSE was in favour of advances; the gainers thrashed the losers in a ratio of 1931:607 while 45 shares finished the day on a flat note. The BSE Sensex touched a high and a low of 15,951.07 and 15,807.75, respectively. The major gainers on the barometer index were Hindalco Inds up 2.39%, Jaiprakash Associates up 2.24%, Sterlite Inds up 1.73%, DLF up 1.60% and Infosys up 1.59%. While Hero Honda down 0.24% and Bharti Airtel down 0.03% were the only losers on the Sensex. The BSE Mid-cap and Small-cap indices added 1.40% and 1.54%, respectively. Among BSE sectoral indices, Realty up 2.14%, Metal up 1.60%, Oil & Gas up 1.21%, Information Technology (IT) up 1.04% and Power up 1.01% were the main gainers. There were no losers in the BSE sectoral space. The S&P CNX Nifty touched a high and a low of 4768.15 and 4712.75, respectively.

Outlook for today

- ⇒ Equities are likely to open on a flat note. Our markets may further take cues from the European markets.

Global Markets

- ⇒ At 7: 53 am (IST), Asian markets were trading mixed.
- ⇒ China's Shanghai Composite was up 0.11% or 3.20 points at 2,942.60.
- ⇒ Hong Kong's Hang Seng was down 0.17% or 34.21 points at 19,630.87.
- ⇒ Japan's Nikkei shed 0.49% or 49.11 points at 10,007.98.
- ⇒ Singapore's Straits Times added 0.37% or 9.91 points at 2,693.47.
- ⇒ South Korea's Seoul Composite was down 0.26% or 4.09 points at 1,563.03.
- ⇒ Taiwan's Taiwan Weighted fell 0.11% or 8.18 points at 7,204.69.
- ⇒ US markets closed with marginal gains. The Dow Jones Industrial Average gained 10.05 points, or 0.1%, to 10012.23. The Nasdaq Composite Index was up 15.69 points, or 0.74%, to 2141.12. The Standard & Poor's 500 Index was up 3.08 points, or 0.29%, to 1066.19.

Market Stats	Nifty	Sensex
Change (Pts.)	38.60	124.72
Change (%)	0.82	0.79
Open	4,712.75	15,807.75
High	4,768.15	15,951.07
Low	4,712.75	15,807.75
Close	4,757.25	15,915.65
Turnover	642.51	140.56
Advance	1,068	1,931
Decline	195	607

Sectoral Indices (BSE)	Close	%
Metal	15,608.38	1.60
Realty	3,320.05	2.14
IT	4,845.86	1.04
Oil & Gas	9,694.48	1.21
PSU	9,187.45	0.87
Auto	6,864.29	0.94
Capital Goods	12,910.54	0.89

**Corporate News**

- ⇒ India's biggest sugar refiner Shree Renuka Sugars will put in the final bid for Brazil's Equipav Acucar E Alcool next week, as it intends to consolidate its presence in the world's largest producer of the sweetener. Equipav is one of the largest sugar companies in Brazil. If the deal fructifies, it will mark the biggest overseas purchase by any Indian sugar firm. The promoters of Equipav are quoting an enterprise value, equity plus debt minus cash, of around \$1 billion (Rs 4,625 crore). Last November, Shree Renuka bought Brazil's sugar and ethanol producer Vale Do Ivai Acucar E Alcool for an enterprise value of \$240 million (Rs 1,110 crore). Till now, this remains the biggest cross-border acquisition among Indian sugar players.
- ⇒ Energy major Reliance Industries Ltd (RIL) has submitted a USD 2 billion expression of interest for private Canadian firm Value Creation Inc, CNBC-TV18 reported on Friday quoting sources. The promoters of the Canadian firm, which holds oil sands assets, are looking to raise funds to settle with lenders. RIL, India's largest listed company with interests in petrochemicals, refining, oil and gas exploration, and retail, is already looking to buy bankrupt petrochemicals maker LyondellBasell for around USD 13.5 billion.
- ⇒ After a near-nine-month hiatus, Eveready Industries India (EII) is on the prowl once again. This time it's looking to acquire a Rs 200-crore company in the domestic FMCG space. An internal team has been constituted to identify the target and EII hopes to conclude the acquisition within the next fiscal.
- ⇒ Real Estate major DLF's first project in Goa has been put on hold following a high court order, which directed the company not to fell trees or level hills for construction activities. The Goa bench of the Bombay High Court ordered a halt on any activity at DLF's River Valley project in south Goa on February 1. The next hearing in the case is on February 23.
- ⇒ India's largest carmaker MarutiSuzuki reported a 33% increase in sales in January to a monthly high amid general strength of vehicle sales in the country. The carmakers domestic sales had risen 21% in January to 81,000 vehicles, while its exports had risen three-fold to more than 14,500, bringing its total sales to 95,650, its best ever sales performance in a single month.

Top 5 Gainers (BSE)

Company	LTP	%
Hindalco Inds	141.40	2.39
Jaiprakash Asso	128.05	2.24
Sterlite Inds	749.25	1.73
DLF	314.40	1.60
Infosys	2,389.50	1.59

Top 5 Losers (BSE)

Company	LTP	%
Hero Honda	1,582.40	-0.24
Bharti Airtel	300.20	-0.03
-	-	-
-	-	-
-	-	-

Institutional Turnover (in Rs. Crs.)

Investor Category	FII	DII
Buy	8.24	73.49
Sell	36.69	41.01
Net	-28.45	32.48

Source: www.bseindia.com

Commdities

	Latest	%
WTI Crude Fut (\$/bbl.)	71.67	0.67
Natural Gas Fut (\$/MMBtu)	5.64	2.28
Gold 100 oz Fut (\$/t oz.)	1,066.40	1.29
Silver Fut (\$/t oz)	15.13	1.99
COPPER FUTURE (\$/lb.)	290.65	1.71

Source: www.bloomberg.com

Forex

	Latest	%
USD-INR	46.74	1.06
USD-JPY	89.27	0.02
USD-HKD	7.77	0.01
USD-CAD	1.07	0.02
EUR-USD	1.36	-0.25
GBP-USD	1.56	-0.25

Source: www.bloomberg.com

Global Indices

	Latest	%
Dow Futures	9,943.00	0.02
Nasdaq Futures	1,745.25	0.01
Taiwan Weighted	7,219.54	0.09
Nikkei 225	10,007.98	-0.49
Hang Seng	19,539.31	-0.64
Shanghai Composite	2,944.35	0.17

**Economic News**

⇒ Food prices for the week ended Jan 23 have gone up 17.56% as compared to the same week last year. The good news though, is that food inflation has come down by 0.1% since the previous week. Annual primary articles inflation came in at 14.56% while fuel group inflation came in at 5.88%. Pulses and potatoes have seen the biggest leap, rising 44% in the year. Milk is up 13.95% while rice, wheat and cereals are up 10-15%. Onions are the only food products that have seen a fall of 10% in the year to Jan 23 2010. **Inflation internals for week ended Jan 23:** Primary articles inflation at 14.56% Vs 14.65%. WPI primary articles index down 0.2% (WoW). Food articles inflation at 17.56% Vs 17.40% (WoW). WPI food articles index down 0.1% (WoW). Fuel group inflation at 5.88% Vs 5.7% (WoW).

⇒ India's foreign exchange reserves fell to \$280.955 billion as on Jan. 29, from \$282,938 billion a week earlier, the Reserve Bank of India (RBI) said in its weekly statistical supplement on Friday. Changes in foreign currency assets, expressed in dollar terms, include the effect of appreciation or depreciation of other currencies held in its reserves such as the euro, pound sterling and yen, the central bank said. Foreign exchange reserves include India's Reserve Tranche position in the International Monetary Fund (IMF), the Reserve Bank of India said.

Most Active Stocks by Value (in Rs.Crs.)

BSE	Close	%	Value	Volume
Reliance	993.75	1.23	64.34	647,435
ICICI Bank	801.30	0.39	48.68	607,485
Tata Steel	558.95	1.59	45.83	819,942
SBI	1,912.45	0.77	40.14	209,862
Unitech	70.85	2.76	38.08	5,374,235

Trade Statistics for 06-Feb-2010

Product	No. of Contracts	Turnover(Rs. cr.) *	Put Call Ratio
Index Futures	107888	2405.93	-
Stock Futures	81308	2626.83	-
Index Options	303826	7330.08	1.03
Stock Options	13047	420.37	0.19
F&O Total	506069	12783.21	0.98

* Notional Turnover in case of options

Most Active Derivatives

Contracts	No. of Contracts	Contract Value (Rs. Lakhs)	LTP	Open Interest
Nifty 4800 Call Feb 2010	40,559	99,091.72	93.00	3,465,550
Nifty 4900 Call Feb 2010	30,524	75,547.36	54.90	5,256,550
Nifty 4700 Put Feb 2010	37,868	90,826.97	91.20	5,019,900
Nifty 4600 Put Feb 2010	31,921	74,418.86	59.00	4,618,700
Nifty Feb 2010 Fut	83,641	198,373.45	4,759.50	31,349,800
Nifty March 2010 Fut	3,262	7,732.31	4,756.50	1,635,950

**Nifty & Sensex Pivot Point**

Indices	R2	R1	Pivot	S1	S2
S & P CNX Nifty	4,801.45	4,779.35	4,746.05	4,723.95	4,690.65
Sensex	16,034.81	15,975.23	15,891.49	15,831.91	15,748.17

FII DERIVATIVES STATISTICS FOR 06-Feb-2010

	BUY		SELL		OPEN INTEREST AT THE END OF THE DAY	
	No. of contracts	Amt in Crores	No. of contracts	Amt in Crores	No. of contracts	Amt in Crores
INDEX FUTURES	3,648	86.45	3,129	74.40	651,463	15,840.87
INDEX OPTIONS	936	21.61	3,105	73.69	1,501,306	35,856.87
STOCK FUTURES	1,078	31.56	698	23.30	782,261	24,096.94
STOCK OPTIONS	2	0.11	12	0.41	27,621	778.66

Results Due

To view the upcoming results today kindly follow the link <http://bseindia.com/gresann/rstcal.asp>

Nationwide News

- ⇒ The bid process for ultra mega power projects (UMPPs) for Chandigarh and Orissa has been pushed forward due to a delay in clearing minutes of an Empowered Group of Ministers (EGoM) meeting, CNBC-TV18 reports quoting sources. The request for qualification (RFQ) for the two UMPPs, sources say, is ready but the Power Ministry is awaiting the minutes of the EGoM meeting that was recently held on the subject of UMPPs. There is ambiguity on the exact extent of cap on awarding of UMPPs though the EGoM was learnt to have decided that one company cannot develop more than three UMPPs owing to project execution risk. The government has envisaged completing nearly 13 UMPPs by 2017.
- ⇒ THE steel ministry has proposed an across the board increase in export duty on iron ore to discourage export and lower the import duty on ore to zero to ensure that there is adequate raw material available for the domestic industry. The proposal, if implemented, could affect the prospects of the domestic iron ore exporters such as Sesa Goa, MSPL, Rungta Mines, Essel Mining etc. It will also impact operations of state-owned NMDC that is one of the biggest exporters of high grade iron ore lumps to steel mills in Korea and Japan. The proposal, however, will benefit domestic steel manufacturers as it will increase the availability of cheaper ore for value addition within the country, helping them to boost their bottom lines. In its pre-budget memorandum to the finance ministry, the steel ministry has suggested that the export duty be hiked to 20% on all grades of iron ore from the current levels of 10% on iron ore lumps and pellets and 5% on iron fines.
- ⇒ The rupee fell, completing its biggest weekly loss since July, as worsening public finances in Greece, Portugal and Spain prompted investors to seek safety in the dollar. The rupee fell for the fourth week, the longest losing streak in five months, as stocks and commodities slid worldwide and investors pulled money out of riskier assets in emerging markets. The rupee also dropped after a report showed US jobless claims unexpectedly rose last week, spurring concern that the recovery in the world's largest economy is faltering. The currency weakened 1.05 per cent to 46.7425 per dollar at close. It fell 1.22 per cent this week. Offshore contracts indicate bets the rupee will trade at 46.81 to the dollar in a month, against expectations of 46.25 on Thursday.
- ⇒ Investors have become poorer by a whopping Rs 2.7 lakh crore so far in 2010 due to continued downfall in the domestic stock markets. The total investor wealth, measured in terms of market capitalisation of all the listed companies together, at close on February 6 stood at around Rs 58.10 lakh crore against Rs 60.81 lakh crore on December 31, 2009. Since January 4, 2010, the Bombay Stock Exchange barometer Sensex fell by 1,549 points, or 9 per cent due to a mix of domestic and global concerns. The valuation of all the 30 Sensex companies at close on February 6 stood at Rs 24,21,441 crore, lower by Rs 2.28 lakh crore from Rs 26,49,481



crore as on December 31, 2009. The market capitalisation of the country's most valued firm, Reliance Industries, stood at Rs 3.24 lakh crore.

International Headlines

- ⇒ US payrolls unexpectedly fell in January, but the unemployment rate surprisingly dropped to a five-month low, according to a government report on Friday that hinted at labor market improvement. The Labor Department said the economy shed 20,000 jobs after losing 150,000 jobs in December. November was revised to a gain of 64,000, up from 4,000. Annual benchmark revisions to payrolls data showed the economy has purged 8.4 million jobs since the start of the recession in December 2007.
- ⇒ Sterling fell to an eight-and-a-half month low against the dollar on Friday as concerns over euro zone sovereign debt problems boosted the appeal of the greenback as a safe-haven currency. Worries about debt problems in the euro zone have extended beyond Greece to Portugal and Spain, hitting riskier assets, with sterling falling in tandem with the euro against the dollar. UK shares .FTSE fell 1.5 percent. Concern over Britain's public finances, and political uncertainty ahead of a general election due by June also weighed on sterling sentiment.
- ⇒ The euro fell toward the lowest level in eight months against the dollar on speculation mounting budget deficits in some European nations will keep policy makers from raising interest rates. The euro traded near a one-year low against the yen as concern about sovereign risk remains elevated even as Group of Seven finance ministers meeting on the weekend pledged to press ahead with economic stimulus measures. The yen pared earlier gains versus the euro as Japan's current-account surplus widened in December by less than forecast. The euro fell to \$1.3652 as of 10:42 a.m. in Tokyo from \$1.3678 in New York on Feb. 5, when it declined to \$1.3586, the lowest since May 20. The euro was at 121.99 yen from 122.09, after dropping as much as 0.4 percent. It touched 120.71 on Feb. 5, the weakest since Feb. 24. The dollar was at 89.37 yen from 89.25 yen.
- ⇒ The European Central Bank will probably keep interest rates at a record low and refrain from unwinding any more emergency lending measures as concern that Greece may fail to contain its deficit takes center stage. ECB officials meeting in Frankfurt will leave the benchmark interest rate at 1 percent, according to all 55 economists surveyed by Bloomberg News.

Stocks to watch

Date	Buy/Sell	Company	Entry at	SL	Target	CMP	Time Horizon
4/2/2010	Buy	IDFC	144.05-147.60	147.05	160	147.05	10-15 days
4/2/2010	Buy	Indian Overseas Bank	89.30-90.50	85.63	90.25	90.25	15-20 days

Events to watch out for in this week

- ⇒ **6 February:** PM Manmohan Singh to Meet State CMs To Chalk Out Strategy To Combat Inflation
- ⇒ **8 February:** Energy Conference "Building A Sustainable Energy Future For India: Scaling Up Local Sustainable Energy Models", New Delhi
- ⇒ **8 February:** India-Arab Investment Projects Conclave, New Delhi
- ⇒ **8 February:** Advance Estimates Of National Income For Current Fiscal To Be Released By CSO
- ⇒ **8-9 February:** Global Meet of Green Revolution II, New Delhi
- ⇒ **8-10 February:** Automotive Engineering Show, Pune
- ⇒ **11 February:** Board of Approval For SEZs To Decide On Navi Mumbai Project



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Daily Market Update

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