



India Market Report

September 8, 2008

Indices	Current	Prev close	Net change	Change %
SENSEX	14483.83	14899.10	-415.27	-2.79
NIFTY	4352.30	4447.75	-95.45	-2.15
NASDAQ	2255.88	2259.04	-3.16	-0.14
DOW	11220.96	11188.23	32.73	0.29

CURRENCY	Current	Prev close	Net change	Change %
USD/INR	44.661	44.661	0.000	0.000
USD/YEN	108.575	107.735	0.840	0.780
USD/ EURO	0.693	0.704	-0.011	-1.520
USD/CNY	6.839	6.841	-0.002	-0.023
USD INDEX	78.256	78.932	-0.676	-0.856

ENERGY (USD) NYMX	Current	Prev close	Net change	Change %
CRUDE	109.25	107.18	2.07	1.93
NAT GAS	8.49	8.33	0.16	1.95

PRECIOUS METALS (USD)	Current	Prev close	Net change	Change %
GOLD	822.10	806.80	15.30	1.90
SILVER	12.36	12.97	-0.62	-4.74

BASE METALS	Current	Prev close	Net change	Change %
ALUMINIUM	2647.00	2677.00	-30.00	-1.12
COPPER	6900.00	7226.00	-326.00	-4.51
NICKEL	18600.00	19205.00	-605.00	-3.15
ZINC	1750.00	1812.00	-62.00	-3.42

AGRI COMODITY	Current	Prev close	Net change	Change %
WHEAT	788.75	774.75	14.00	1.81
RICE	19.54	19.10	0.44	2.30
SUGAR	14.40	14.67	-0.27	-1.84

Global Events

- ✦ US markets ended mixed on Friday, Dow ended up by 0.29% while Nasdaq ended lower by 0.14%.
- ✦ The U.S. government plans to put mortgage finance companies Fannie Mae and Freddie Mac under federal control.
- ✦ The U.S. lost more jobs than forecast payrolls fell 84000 in August vs expected 75000 and the unemployment rate climbed to a five-year high of 6.1% vs expected 5.7%.
- ✦ US to release Consumer credit number to night, market expects \$ 8.8B.
- ✦ USD 300 billion investment is underway to boost oil production which could see the Gulf countries deliver an additional 10 million barrels of crude per day by 2015.
- ✦ Silver State Bank of Henderson, Nevada was closed by U.S. regulators, the 11th bank to collapse this year amid a surge in soured real-estate loans stemming from the worst housing slump since the Depression.
- ✦ Asian markets have opened mixed; Nikkei and Hang Seng are up by 3.59 % & 3.99% respectively while Shanghai down by 0.40%

Currency

- ✦ USD weaken against EUR, CNY by 1.5% & 0.02% respectively while against YEN it moved up by 0.78%.

Commodity

- ✦ Crude settled at \$109/ bbl up by 1.9% while NAT Gas ended at \$ 8.49/bbl. Up by 1.9 %.
- ✦ In Precious metals, silver moved down by 4.74%, while Gold moved up by 1.9%.
- ✦ Base metal saw correction across the board, CU, ZN, NI & AL were down by 4.51%, 3.42%, 3.51% & 1.12% respectively.
- ✦ In Agri-commodities Rice & Wheat moved up by 2.30% & 1.81% respectively while Sugar lost by 2.82%.

Local Events

- ✦ India's 34-year ban on nuclear trade will be lifted hence paving the way for companies to sell reactors and fuel to the world's second most-populous state.
- ✦ Initially, government has no plans to allow private sector participation in setting up nuclear power projects in the country. Therefore, NTPC and BHEL will be the ones who will benefit the most, along with Nuclear Power Corporation of India Ltd (NPCIL).
- ✦ The staff cost of **public sector** banks has increased only by 1.4% y-o-y from April-June 08 as against a 24% increase in their aggregate income as a result of which the ratio of staff cost to total income has come down to 11.34% as against 13.86% in the corresponding period last year.
- ✦ The staff cost of **private banks** has increased by 28.7% y-o-y during April-June 08 as against a 21.6% growth in total income during the same period. As a result the ratio of staff cost to total income marginally increased to 8.61% from 8.14% in the previous year.
- ✦ ONGC targets to increase wind energy capacity to 1000 MW from 50 MW in Kutch in coming years with an investment of around Rs 6,000 cr.
- ✦ BHEL will invest Rs 1,400 crore to build a manufacturing facility for castings and forgings key components for power equipment.
- ✦ Bulk users like industrial units, power plants, defence establishments and SEZs would be required to pay a market price that would be around Rs 22/lt more than the subsidised diesel.
- ✦ Government plans to dilute its stake in two sick public sector fertilizer companies: Hindustan Fertilizer Corp (HFC) and Fertilizer Corporation of India (FCIL). It has decided to invite private players to pick up the stake and plans to raise Rs 700 cr from the proposed sale.
- ✦ Indraprastha Gas Ltd (IGL) to set up 50 CNG stations in Delhi and to spend Rs 250cr annually over two-three years. It will fund the expansion from internal accruals.
- ✦ Private equity firm Kohlberg Kravis Roberts & Co (KKR) is chasing probably its first pure-play India deal, eyeing BT's stake in the Indian telecom services company Tech Mahindra. BT is putting an over-\$800 million value on its 31% stake, valuing Tech Mahindra at nearly \$3 billion.
- ✦ Airlines are considering a 5% fare hike during Durga Puja and Diwali in some routes where traffic increases considerably in the festive season.
- ✦ The rate of inflation is expected to be released on a monthly basis by October-end or mid-November, as proposed by Mr Subbarao. The base year for the proposed new series would be 2004-05 and the index calculation would be based on 1,100 items instead of the present 440. In manufacturing too, the number of items would triple to about 800-900.

Market Movement



Market Outlook

Markets are likely to open up on global cues. Total outstanding positions in F&O are seen at Rs 75,186cr. Out of the total F&O outstandings, Futures accounts for Rs 40,243cr. The total outstanding position in futures (No of shares) has moved up to 120.11cr from at 118.28cr shares. Index futures outstandings is seen at 33.53mn from 32.60mn.

On Friday, FIIs were aggressive sellers in Cash & Derivative markets to the tune of Rs 1857cr and Rs 949cr respectively. There has been an increase in puts OI between 4000-4200 levels, while calls OI increased between 4400, 4600 and 4700. There has been an increase in over all open interest inspite of markets falling by over 2%, this clearly indicates that there has been a huge "SHORT" build-up in the system and given this positive news flow domestically and globally, we expect a large short covering to take place.

Nifty's support is around 4260 while a major resistance exists around 4530 levels.

We expect buying in IT, Cement, Financial & Retail stocks while commodity & Sugar stocks are likely to witness selling on the back of global moves. We suggest a strong sell on all the steel stocks.

FII / DII Activity (Rs. Cr) (Provisional Numbers)	Buy Value	Sell Value	Net change
FII	1620.66	3477.66	-1857
DII	1271.8	787.03	484.77

FII Activity in F&O	BUY		SELL		NET CONTRACTS	
	No. of contracts	Amt in Crores	No. of contracts	Amt in Crores	NET contracts	NET Amt in Crores
INDEX FUTURES	50222	1089.13	80025	1721.88	-29803	-632.74
INDEX OPTIONS	36608	766.42	19581	421.05	17027	345.37
STOCK FUTURES	17427	325.71	56178	1068.98	-38751	-743.27
STOCK OPTIONS	4750	99.24	987	18.56	3763	80.68
NET						-949.97

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