



LSE Securities



Weekly Report
21st August 2009

Domestic equities closed week ended with notable losses on growing anxiety about the strength of the global economic recovery. Investors were distressed by sustained uncertainty on the Chinese bourse, which generated fear that global equities are still to face tough situations. Also, sentiments were hit after government said that farm output was likely to decline and power capacity addition target likely to be missed. Many marketmen remained on the fence pondering that the market will be choppy until there's more clarity on the government's response to the poor monsoon. Investors still were seen taking calculated steps before entering markets, being aware that in the absence of concrete signs of revival, these intermittent rallies are driven by optimism based on whatever positive reports that have been coming in and any unsatisfactory economic data can again bring a wave of disappointment across world-wide equities.

Amid number of uncertainties, key benchmarks slipped more than 4% on August 17, its worst fall since July 6, 2009, when the barometers had slipped nearly six percent after Union Budget failed to win over investors. However, investors taking an opportunity to buy shares at lower levels after notable fall in two sessions in the week along with some positive economic data from the world helped markets to recover a major part of the losses.

The 30-share Bombay Stock Exchange (BSE) Sensex lost 170.8 points or 1.11% to 15,240.83 in the week ended August 21, 2008, while the S&P CNX Nifty slipped 51.25 points or 1.12% to 4,528.80 in the week. The BSE Mid-cap index dropped 0.79% to 5,559.32, while the Small-cap index rose 0.79% to 6,462.98.

On the National Stock Exchange (NSE), CNX Mid-cap declined 1.72% to 5838.9, CNX Nifty Junior slipped 2.32% to 8239.05, CNX IT plunged 0.54% to 4368.15 and Bank Nifty stumbled 0.56% to 7377.1.

India's headline inflation rose marginally to -1.53% for the week ending August 8 compared with -1.74% in the previous week. Inflation has been in the negative terrain since the week ended June 6, for the first time since the new wholesale price index (WPI) series started in 1995. Last time a negative inflation figure was observed in 1977. The annual inflation rate was 12.82% during the corresponding week of 2008.

Among sectoral indices on the BSE, Metal down 3.89%, Oil & Gas down 3.74%, Healthcare (HC) down 2.49%, Realty down 2.4% and Consumer Durables (CD) down 1.75% were the main losers in the week. On the other hand, Capital Goods (CG) up 1.09%, Power up 0.1% and Bankex up 0.02% were the gainers in the sectoral space.

India's southwest monsoon has given some indications of revival, helping improvement of water levels in major reservoirs, although it may be bit too late to directly benefit crops, at least some of them. Rains in the previous week were highest so far in the month of August, bringing some hope to the thirsty country. As per the information released by the Indian meteorological department (IMD), rainfall in the seven days to August 19 was only 2% below normal compared with nearly 26% overall deficit over the since July. However, the situation was a marginal improvement from a week ago scenario when cumulative deficit was nearly 29%.

A government official said that after seeing the strong response being generated by an initial public offering last week, the government may choose to offer six-seven more PSUs for divestment in the next 12-14 months. An IPO by the government owned NHPC was subscribed more than 23 times last week. Finance Secretary Ashok Chawla said that while two companies were already going to market, disinvestment plans of others were also being finalized, putting the total number of companies in the disinvestment bowl at six to seven. While NHPC has already completed its initial public offering (IPO), Oil India (OIL) is slated to hit the market in September.

FII's stood as net sellers in the equity segment in the week with gross purchases of Rs 10116.9 crore and gross sales of Rs 11229 crore, leading to a net outflow of Rs 1112.1 crore. In the debt segment, they were the net buyers with gross purchases of Rs 2022.2 crore against gross sales of Rs 1479.3 crore, with a net inflow of Rs 542.9 crore.

Major Indices Performance

SYMBOL	Last Week Close 14-August-09	High	Low	Last 21-August-09	% Change
BANKNIFTY	7418.95	7502.95	6998.80	7377.10	-0.56
CNX100	4451.60	4483.60	4236.10	4393.85	-1.30
CNX500	3749.60	3779.45	3589.35	3701.05	-1.29
CNXDEFTY	3284.45	3316.05	3093.65	3227.10	-1.75
CNXIT	4391.95	4441.75	4202.60	4368.15	-0.54
CNXMIDCAP	5940.80	5981.35	5692.35	5838.90	-1.72
MIDCAP50	2233.30	2248.55	2129.65	2199.45	-1.52
NIFTY	4580.05	4619.00	4353.45	4528.80	-1.12
NIFTYJR	8434.95	8513.35	8060.45	8239.05	-2.32

FIIs Movement (Rs. Cr.)							Mutual Fund Movement (Rs. Cr.)						
Date	Gross Purchase		Gross Sales		Net Investment		Date	Gross Purchase		Gross Sales		Net Investment	
	Equity	Debt	Equity	Debt	Equity	Debt		Equity	Debt	Equity	Debt	Equity	Debt
19-Aug-09	1644.30	690.20	1639.80	341.00	4.60	349.30	18-Aug-09	754.20	1907.50	618.10	785.80	136.10	1121.70
20-Aug-09	2288.70	75.00	3160.80	0.00	-872.10	75.00	19-Aug-09	453.10	0.00	645.00	9.90	-191.90	-9.90
21-Aug-09	1777.60	259.30	2079.00	195.00	-301.30	64.30	20-Aug-09	897.30	2858.90	560.40	772.60	337.00	2086.30

Outlook for the coming week

Markets are likely to remain volatile next week on account of the F&O expiry on Thursday, August 28, 2009. The market is still quite indecisive after the kind of inconsistent movement we've been seeing since last couple of sessions. It seems that investors are mystified and reacting to news and at the end of the day the outcome is based on undertone of information in it. Market participants have been dubious if they need to be optimistic about the global economy after a spate of encouraging corporate earnings or still wait for the situation to improve until there's some sense on the direction in the market, there is reasonable liquidity present and the valuations are fair.

Domestic equities will continue to remain worried over areas like weak monsoons; Investors will also closely watch how things move on in China, as the performance of stock markets and also macro data in that country has not been very convincing recently. Performance of markets will also depend upon buying interest by FIIs as it has been quite evident that offloading by them has always been a major trigger for the recent stock market rout.

One thing evident is that though we have number of uncertainties still prevailing, the situation of global economy has improved enormously as compared to last year or early this year. International Monetary Fund has said in its latest report that the world economy has begun to recover from the worst recession in more than 50 years. However, it also cautioned that the process will not be simple and sustaining the recovery will require refocusing the US toward exports and Asia toward imports.

Global cues will again be important next week and investors will look at world-wide markets as there aren't any major domestic triggers that can take it up to the next level. In the previous week, most of the fluctuation, be in positive or negative direction, has been more due to global cues than any of domestic factors. We've seen markets overlooking monsoon concerns when global cues turned out to be encouraging.

Top Gainers

Idea Cellular, up 6.09%, was the main gainer on the Nifty in the week. The company recently said that it has charted out Rs 6,000 crore expansion plans for the next two years. The company plans to borrow Rs 6,000 crore for the capital expenditure purpose and has the total borrowing capacity of Rs 9,500 crore, as indicated by a top official of the company. It has already stated that it is looking to invest Rs 1,000 crore in the next three years in Tamil Nadu. The investment plan is part of company's strategy to become a pan-India telecom service provider by end of current year. In another development, The Bombay High Court admitted Aditya Birla Nuvo's application challenging the IT department's demand for capital gains tax, relating to its acquisition of a 16% stake in Idea Cellular from AT&T in the year 2005.

HDFC was another major gainer in the week, adding 5.38%. The company has announced that it has commenced its fund raising process through qualified institutional placement (QIP) route on Monday. The company plans to issue over 1.09 crore warrants and total 40,000 zero per cent secured redeemable non-convertible debentures (NCDs) through the process.

NSE					
TOP GAINERS - NIFTY					
Company Name	Prev Price (Rs.) 14/08/09	Last Price (Rs.) 21/08/09	Chg (Rs.)	Chg%	Volume in ('000s)
Idea Cellular	78.05	82.80	4.75	6.09	5246.16
HDFC	2316.00	2440.70	124.70	5.38	723.84
Ranbaxy Labs.	297.00	311.65	14.65	4.93	1354.53
BHEL	2200.60	2301.80	101.20	4.60	398.04
National Aluminium	317.20	331.30	14.10	4.45	202.53

Top Losers

Cipla, down 8.17%, was the prime loser on the Nifty in the week. The most eagerly watched case in which German

major Bayer Healthcare had taken Cipla to court for seeking approval for an imitator version of Bayer's cancer drug Nexavar in India has finally gone in favor of the Indian firm. The Delhi High Court (HC) dismissed Bayer's endeavor to stop the drug regulator from giving marketing approval to Cipla for the generic version of Bayer's patented cancer drug, Nexavar. The decision will now permit companies to launch generic versions of patented drugs with the risk of paying damages, in case they are found accountable for patent breach.

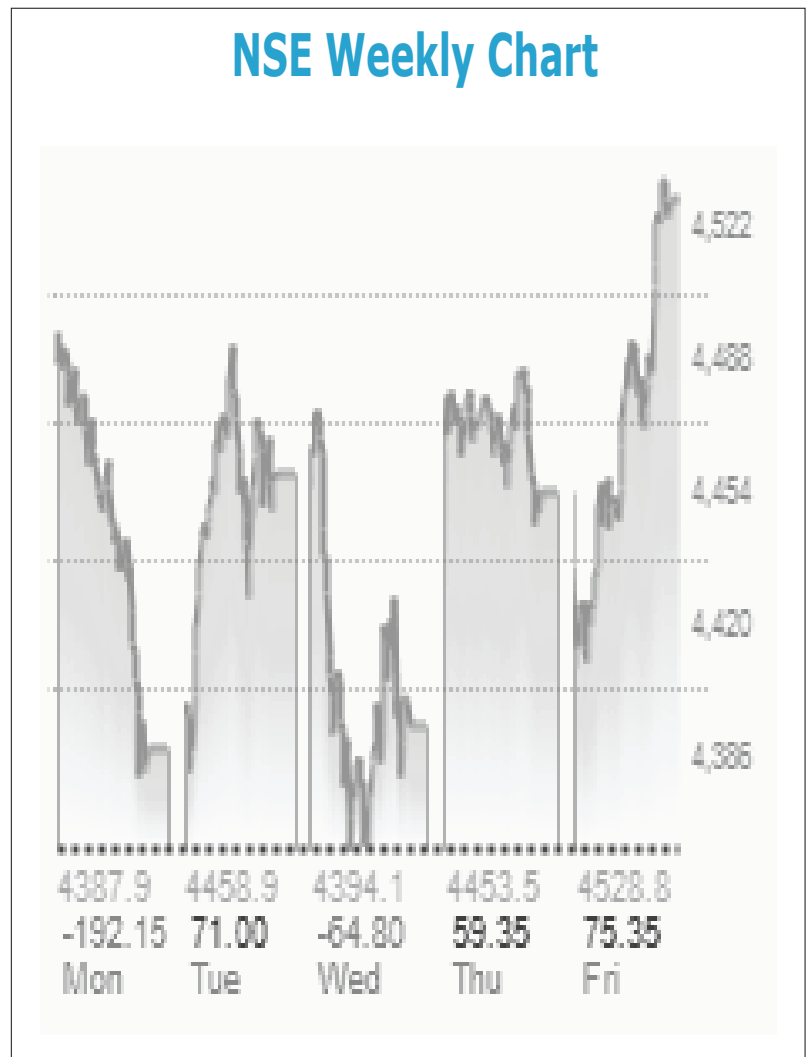
Unitech was another major loser on the Nifty, shedding 7.75%. The Haryana State Industrial and Infrastructure Development Corporation (HSIIDC), which had called for bids to develop a 350-acre recreation and leisure project in Gurgaon, has disqualified combines led by Unitech and Malaysia-based Country Heights Holdings on technical grounds.

NSE					
TOP LOSERS - NIFTY					
Company Name	Prev Price (Rs.) 14/08/09	Last Price (Rs.) 21/08/09	Chg (Rs.)	Chg%	Volume in ('000s)
Cipla	282.20	259.15	-23.05	-8.17	916.21
Unitech	92.95	85.75	-7.20	-7.75	40808.51
Tata Motors	467.50	432.85	-34.65	-7.41	8160.19
ACC	830.50	776.70	-53.80	-6.48	624.64
Reliance Capital	855.80	805.80	-50.00	-5.84	4085.30

Technical Viewpoint - S&P CNX Nifty

During the week, S&P CNX Nifty touched the highest level of 4578.8 on August 17, 2009 and the lowest point of 4353.45 on August 19, 2009. On the last trading day of the week, the Nifty closed at 4528.80, with a weekly loss of 51.25 points or 1.12%.

For the coming week, 4395 followed by 4262 levels are likely to be good support levels for the Nifty, whereas, on the upside resistance for Nifty is likely to be at 4621 followed by 4712 levels.



Derivatives Snapshot

Highest In OI (Index Futures, Index Option)

Type	Symbol	Expiry Date	Type	Strike Price	LTP	Price Change	Volume	Change in Volume	Value (Rs. Lakhs)	Change in Price	Open Interest	O I Change
FUTIDX	NIFTY	27-Aug-09	-	-	4536.20	1.80	696413.00	170306.00	15572.56	80.00	388076.00	-42856.00
FUTIDX	NIFTY	24-Sep-09	-	-	4540.00	1.77	94610.00	31705.00	2116.72	79.00	162673.00	55419.00
FUTIDX	MINIFTY	27-Aug-09	-	-	4536.35	1.76	81392.00	12255.00	727.48	79.00	30563.00	2708.00
OPTIDX	NIFTY	27-Aug-09	PE	4300.00	10.70	-66.77	165382.00	44012.00	3576.07	-22.00	99580.00	-7290.00
OPTIDX	NIFTY	27-Aug-09	PE	4400.00	24.25	-59.55	282285.00	95446.00	6278.81	-36.00	94351.00	9566.00
OPTIDX	NIFTY	27-Aug-09	CE	4600.00	38.65	31.69	206615.00	75543.00	4780.48	9.00	85719.00	620.00

Highest In OI (Stock Futures, Stock Option)

Type	Symbol	Expiry Date	Type	Strike Price	LTP	Price Change	Vol	Change in Vol	Value (Rs. Lakhs)	Change in Price	Open Interest	O I Change
FUTSTK	RELIANCE	27-Aug-09	-	-	1933.20	1.51	30322.00	9049.00	866.87	29.00	34560.00	-1847.00
FUTSTK	ICICIBANK	27-Aug-09	-	-	746.90	4.11	24537.00	9042.00	624.69	30.00	22670.00	-585.00
FUTSTK	LT	27-Aug-09	-	-	1486.00	0.28	12188.00	1442.00	358.12	4.00	21796.00	-1181.00
OPTSTK	RELIANCE	27-Aug-09	CA	2100.00	2.75	-12.70	881.00	-84.00	27.79	0.00	4914.00	163.00
OPTSTK	SBIN	24-Sep-09	PA	1680.00	47.90	-18.40	19.00	6.00	0.43	-11.00	4811.00	2.00
OPTSTK	RELIANCE	27-Aug-09	CA	2130.00	1.45	-9.38	157.00	93.00	5.02	0.00	3720.00	-8.00

US Market

The US markets snapped the week with a rally triggered by the better than expected existing home sales data and the reassurance of Fed chief Ben Bernake. The Dow Jones industrial average closed the week up 184.56, or 2.0%, at 9,505.96. The Standard & Poor's 500 index rose 22.04 points, or 2.2%, to 1,026.13 while the Nasdaq composite index rose 35.38 points, or 1.8%, to 2,020.90.

The start of the US markets was not so good and influenced by the major decline in the Shanghai market the US markets too plunged to its biggest close in last seven weeks on Monday, though the markets recovered on the very next day on the back of some better-than-expected retail earnings reports and the latest reading on housing.

The Commerce Department reported that construction of new homes and apartments fell more than expected last month, but construction of single-family homes actually rose 1% to the highest level since October 2008. It was the fifth straight monthly increase.

In another development the Labor Department said that wholesale prices dropped 0.9% last month and over the past 12 months fell by the largest amount in more than six decades of record-keeping. That's triple the decline economists had expected and was driven by big decreases in both energy and food costs.

The slew of good news continued to come during the week and Philadelphia Federal Reserve reported that factory activity in the mid-Atlantic region jumped back into positive territory in August, reaching its highest level since November 2007, and at the same time the Conference Board's economic forecasting gauge, the Index of Leading Economic Indicators, rose for the fourth straight month during July, indicating that the recession will soon subside.

Finally on the last trading day the markets snapped the week with a rally with re- assurance from Fed chief. Speaking at an annual Fed conference in Wyoming, Bernanke said that the prospects for a return to growth in the near term appeared good but also warned that lending is not back to normal, and that the difficulty consumers and businesses were having obtaining loans would be a challenge.

	Last Close 21/08/09	Prev Close 14/08/09	High	Low	% Change
Dow Jones	9505.96	9321.40	9549.19	9078.28	1.98
Nasdaq	2020.90	1985.52	2021.86	1929.64	1.78
S&P 500	1026.13	1004.09	1027.59	978.51	2.20



European Market

The European market too was caught in the volatility during the week and remained cautious with good and bad news from economic front counterbalancing each other. Finally the major indices were able to snap the week with good gains of about 3%. The FTSE 100 was up by 2.90% while the DAX 30 closely followed it and snapped the week with gains of 2.89%.

In UK the measure of annual inflation, Consumer Price Index in July increased 1.8%, unchanged from June. The Road Price Index declined 1.4% in July compared to fall of 1.6% in June. The RPI index excluding mortgage interest payment increased 1.2% compared to 1% increase in June, according to the latest release from the Office of National Statistics.

German producer prices index in July dropped 7.8% from a year ago and declined 4.6% from June. The decline was sharpest since the Federal Statistics Office in Wiesbaden started collecting data in 1949. Weak exports and rising euro dragged exports and inventory liquidation hurt the local demand in the period.

On the other hand the country reported its largest monthly budget deficit in July as tax revenues declined and cost of unemployment increased. Budget deficit in the month was £8 billion compared to surplus of £5.2 billion a year ago, according to the Office for National Statistics. Total government receipts decreased 15% and cash receipts from corporations declined 38% and value added tax collection fell 34%. Government spending increased 7.5% and social benefits that include unemployment compensation increased 10%.

The Organization of Economic Cooperation and Development reported second quarter economic growth among 30 member nations was zero after dropping 2.1% in the first. The rise in economic activities in France, Germany and Japan lifted the overall average.

The last trading day bought cheers for the European markets, the index of German service industry went strongest since January 2006 and increased to 54.1 from 48.1 in July according to Markit Economics while the French manufacturing index rose on new orders to 50.2 in August from 48.1 in July. The composite index that included manufacturing and services increased to 50 from 47 in July for euro-zone.

	Last Close 21/08/09	Prev Close 14/08/09	High	Low	% Change
DAX	5462.74	5309.11	5478.18	5158.60	2.89
FTSE 100	4850.90	4714.00	4858.50	4610.30	2.90

Asian Market

The Asian markets were the worst sufferers among their global peers, and most of the indices declined more than 3%. The Chinese markets spooked the whole Asian lot and tumbled by about 6% on Monday as investors worried that the Chinese government would tighten bank lending policies. Hang Seng was down by 3.32% during the week, Nikkei 225 was down by 3.38%, Shanghai Composite finally closed lower by 2.82% while the worst hit was the Taiwanese market and declined by about 6% during the week.

Though, the analysts from Goldman Sachs and Citibank upgraded their already bullish forecasts for China's GDP growth as the Factory output in July grew 10.8% compared with a year earlier, the fastest pace in nine months. Capital spending in the first seven months of the year rose 32.9%.

The passing week was also good for the Japan from the economic point of view, the economy rebounded in the country in the second quarter from the historic lows in the first quarter and falling for the four quarters in a row. The GDP in the quarter rose 0.9% and at 3.7% annualized rate on the turnaround in exports and rising industrial production to meet inventories demands.

The economic rebound follows four consecutive quarters of decline totaling nearly 9% fall and weak demand from consumers. At its worst in the fourth quarter last year the annualized fall peaked at 11.7%, revised today from the previous estimate of 14.2%.

	Last Close 21/08/09	Prev Close 14/08/09	High	Low	% Change
Hang Seng	20199.02	20893.33	21037.17	19824.86	-3.32
KLSE	1163.79	1188.57	1196.46	1153.97	-2.08
Nikkei 225	10238.20	10597.33	10630.38	10142.22	-3.39
Straits Times	2544.86	2631.51	2647.64	2521.36	-3.29
Seoul	1580.98	1591.41	1594.46	1530.65	-0.66
Shanghai	2960.77	3046.97	3146.00	2761.40	-2.83

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