



# LSE Securities



Weekly Report  
22 June 2012

After accumulating over six percent gains in last two weeks, stock markets in India snapped a volatile week on a flat note. Though the frontline equity indices could negotiate only marginal gains, however they went on to extend the gaining streak for the third straight week. The markets closed in the positive territory for three straight sessions during the five session week however the declines on first and last days of the week undid almost all the good work. It turned out to be a disappointing start for the week as the frontline equity indices settled with huge losses of about one and half a percent on Monday. Sentiments' got spooked after RBI maintained a status quo on key interest rates, choosing to keep its focus on reining in inflationary pressure on economy rather than stimulating economic momentum. The central bank's move defied wider market expectations of a cut in key interest rates by 25 basis points. Meanwhile, a separate data highlighted that India's consumer price inflation moved up marginally to 10.36% in May on account of increase in prices of vegetables, edible oils and milk. Markets showcased high degree of resilience on Tuesday as the benchmark equity indices finished an extremely volatile session with close to a percent gains after Prime Minister Manmohan Singh took the opportunity at the G-20 Summit in Mexico to send positive signals to not only global investors but also domestic stake holders that the government was determined to take tough decisions and bring the flagging economy back to high growth trajectory. After consolidating their position around the neutral line on Wednesday, the benchmark indices displayed a strong performance in the subsequent session by vehemently garnering close to a percentage point after an influential investment bank upgraded domestic equities to "overweight" from its earlier "neutral" call on Indian equities, citing a number of factors including historic valuations, expectations for monetary stimulus, lower oil prices, and a weak rupee. However, the last trading session of the week turned out to be uninspiring one as local bourses settled with moderate cuts of around one third of a percent. The downside in domestic markets also was capped due to sharp fall in Brent crude prices which fell below \$90 for the first time since December 2011, and marking a 28% decline over roughly three months. In India, where fuel is heavily subsidized, the decline in oil prices is likely to lighten the fiscal burden, potentially freeing up funds for other kinds of stimulus like infrastructure spending.

The Bombay Stock Exchange (BSE) Sensex gained 22.68 points or 0.13% to 16972.51 during the week ended June 22, 2012. The BSE Mid-cap index was up by 51.71 points or 0.87% to 6010.21 and the Small-cap index up by 56.06 points or 0.88% to 6407.50. On the sectoral front, Capital Goods (CD) up 210.33 points or 2.21% at 9737.67, Health Care (HC) up 129.36 points or 1.97% at 6709.57, Power up 29.75 points or 1.60% at 1893.62, Auto up 124.61 points or 1.35% at 9338.41 and PSU up 92.89 points or 1.33% at 7089.80 were the major gainers on the BSE sectoral space, while IT down 101.81 points or 1.77% at 5663.69, TECK down 48.62 points or 1.45% at 3293.54, Metal down 49.90 points or 0.48% at 10344.99 and Bankex down 25.60 points or 0.22% at 11561.05 were major losers on the BSE.

The S&P CNX Nifty rose by 7.00 points or 0.14% to 5146.05. On the National Stock Exchange (NSE), Bank Nifty down 26.45 points or 0.26% to 10038.35, CNX IT down 105.90 points or 1.73% to 6028.55 while CNX mid- cap up 101.05 points or 1.44% to 7133.35 and CNX Nifty Junior up 59.00 points or 0.61% to 9780.70.

Foreign Institutional Investors (FIIs) were net sellers in equity segment in the week with gross purchases of Rs 9643.80 crore and gross sales of 9689.00 crore, leading to a net outflow of Rs 45.20 crore. While they stood as net buyers in the debt segment with gross purchases of Rs 2433.10 crore against gross sales of Rs 1632.10 crore, resulting in a net inflow of Rs 800.90 crore.

## Major Indices Performance

SYMBOL	Last 22 June 2012	High	Low	Last Week Close 15 June 2012	% Change
BANKNIFTY	10038.35	10197.80	9619.15	10064.80	-0.26
CNX100	5024.35	5062.65	4919.90	5014.00	0.21
CNX500	4063.75	4085.20	3976.15	4047.45	0.40
CNXDEFTY	3114.80	3247.70	3079.05	3197.45	-2.58
CNXIT	6028.55	6185.60	5966.20	6134.45	-1.73
CNXMIDCAP	7133.35	7142.10	6904.85	7032.30	1.44
MIDCAP50	2068.15	2070.70	1989.65	2035.80	1.59
NIFTY	5146.05	5190.20	5041.70	5139.05	0.14
NIFTYJR	9780.70	9826.90	9501.45	9721.70	0.61

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-Jun-12	1713.60	330.70	2306.50	16.20	-592.90	314.60	18-Jun-12	468.80	8352.10	507.10	3933.70	-38.30	4418.40
20-Jun-12	1902.80	412.10	1760.70	138.80	142.10	273.30	19-Jun-12	400.80	5502.30	413.00	2480.60	-12.20	3021.80
21-Jun-12	1972.20	487.10	1719.80	306.60	252.40	180.50	20-Jun-12	535.60	6140.60	347.60	1957.30	188.00	4183.20

## Outlook for the coming week

Local barometer gauges, factoring in the RBI's standstill stance in Mid-Quarterly Policy Review, managed to negotiate a green close for the third consecutive week. Though, depreciation of rupee past 57/\$ psychological level amidst global risk averse environment, ate into substantial gains of the bourses.

Volatility is expected to be at the fore for the markets in the coming week as traders will roll-over their position with expiry of June F&O contracts on Thursday, June 28, 2012.

Meanwhile, Telecom stocks may remain in limelight as Department of Telecomm (DOT) may move a Cabinet note on spectrum pricing policy next week. Additionally, PSU OMCs too would be on investor's radar, after Brent crude dipping sub \$90/ per barrel level, touched the 18 month low level in the week gone by. A fall in global crude prices would result in lower import bill for the domestic entities, which increases their profit.

Further, the movement in oil prices and possible currency interventions in Forex markets, which off late are widely seen influencing the equity markets, will be watched out for direction. Indian rupee dropping to a life-time low of 57 per dollar has emerged as the worst performer among Asian currencies so far this year.

Meanwhile, the progress of monsoon rains too will be closely tracked by the markets as inflation decline will depend on better monsoon. The Indian Meteorological Department (IMD) on Friday said that the annual monsoon rains are most likely to be normal over the country despite the scanty rainfall so far.

On the global front, investor's would be eyeing the release of key economic data from US starting from Durable Goods Orders data on June 27,2012, followed by GDP and Jobless Claims Data on June 28,2012 and finally the Personal Income and Outlays data on June 29,2012.

## Top Gainers

- ONGC up by 5.08% was the top gainer on Nifty for the week - State run, Oil and Natural Gas Corporation (ONGC) has entered into partnership with China's China National Petroleum Corporation (CNPC) by signing a memorandum of understanding (MoU) to explore business opportunities together. As per the deal, both the companies aim to expand their co-operation either directly or through their subsidiaries in upstream exploration and production areas, refining or processing of crude oil and natural gas in midstream or downstream projects, marketing and distribution of petroleum products and construction and operation of oil and gas pipelines.
- Hero Moto Crop up by 4.30% was another top gainer on Nifty - Hero Moto Crop, after parting ways with its long time partner - Honda, is looking forward to launch all its model's under brand name "Hero". The world's largest two-wheeler manufacturer by volume sales will be completing this exercise by the second quarter of current fiscal. To begin with the process, it has re-launched the best-selling models "Splendor" and "Passion" under the Hero brand name this quarter. Furthermore, the company has lined up two new launches by 2012-13 - the "Impulse" motorcycle and "Maestro" scooter will be under "Hero".

NSE				
TOP GAINERS - NIFTY				
Company Name	Last Price (Rs.) 22/06/12	Prev Price (Rs.) 15/06/12	Chg (Rs.)	Chg%
ONGC	279.50	266.00	13.50	5.08
Hero MotoCorp	2086.10	2000.05	86.05	4.30
Power Grid Corpn.	110.05	106.05	4.00	3.77
Reliance Infra	537.20	520.75	16.45	3.16
Larsen & Toubro	1361.95	1323.75	38.20	2.89

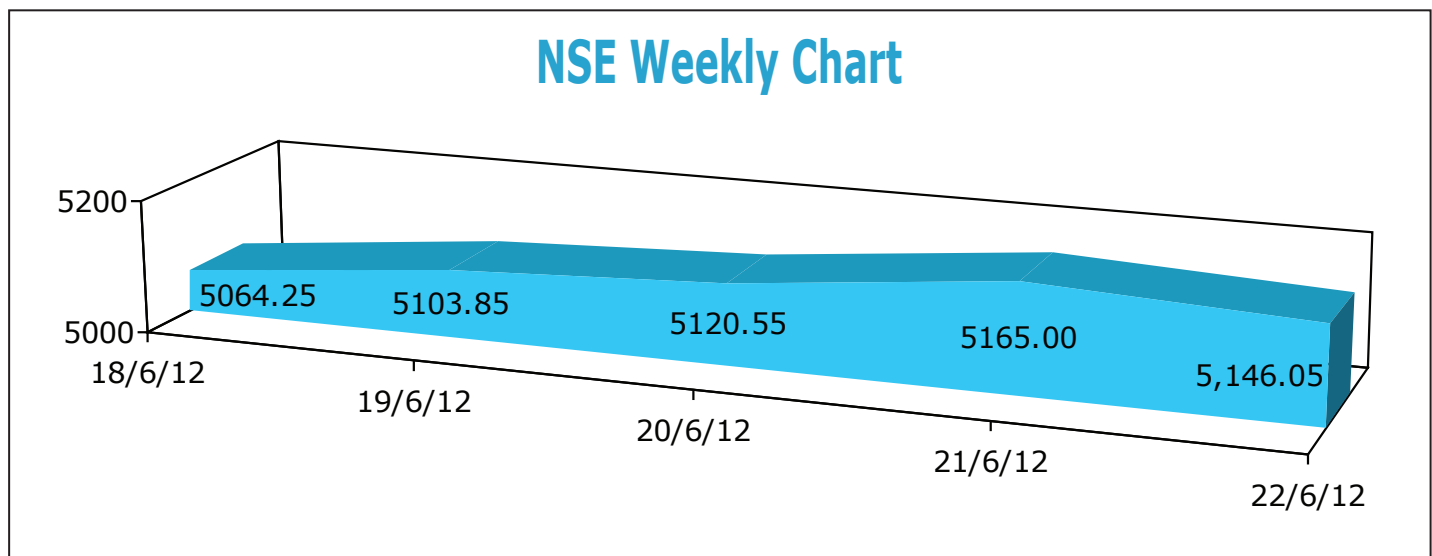
## Top Losers

- Hindalco down by 5.25% was the top loser of the week on Nifty - The base metal prices plunged on global economic worries which made the investors to book profit. Copper prices have tanked the most in past two months, and are heading for a seventh-weekly loss. This resulted in sharp decline in the stock prices of Hindalco Industries.
- Tata Consultancy Services down by 3.06% was another loser on Nifty - Tata Consultancy Services (TCS), a leading IT services, consulting, and business solutions organization, has been positioned by Gartner, Inc. in the Leaders quadrant in its report, 'Magic Quadrant for Finance and Accounting BPO' authored by Cathy Tornbohm and published on May 30, 2012. Gartner's F&A Magic Quadrant evaluates vendor capabilities in the comprehensive F&A business process outsourcing market among 18 providers. TCS' F&A services help CFOs and Controllers in creating visibility and transparency around capital and assets, in identifying, managing and mitigating risks and in tightening budgeting and planning to meet and exceed performance expectations.

NSE				
TOP LOSERS - NIFTY				
Company Name	Last Price (Rs.) 22/06/12	Prev Price (Rs.) 15/06/12	Chg (Rs.)	Chg%
Hindalco	117.30	123.80	-6.50	-5.25
TCS	1233.45	1272.45	-39.00	-3.06
SAIL	90.00	92.55	-2.55	-2.76
HCL Tech.	472.65	485.95	-13.30	-2.74
Reliance Industries	711.00	726.75	-15.75	-2.17

## Technical Viewpoint - S&P CNX Nifty

During the week, S&P CNX Nifty touched the highest level of 5190.20 and the lowest point of 5041.70 on June 18, 2012. On the last trading day, the Nifty closed at 5146.05 with a weekly gain of 7 points or 0.13%. For the coming week, 5061.77 followed by 4977.48 are likely to be good support levels for the Nifty, while the index may face resistance at 5210.27 and 5274.48 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	28-Jun-12	-	-	5151.15	-0.44	363526.00	53178.00	9332.33	-23.00	337589.00	-9439.00
FUTIDX	NIFTY	26-Jul-12	-	-	5171.65	-0.39	43926.00	5772.00	1132.01	-20.00	106233.00	15514.00
FUTIDX	BANKNIFTY	28-Jun-12	-	-	10031.75	-0.05	111763.00	4303.00	2785.58	-5.00	94878.00	-6530.00
OPTIDX	NIFTY	28-Jun-12	PE	4800.00	1.85	-2.63	165170.00	-19438.00	3965.91	0.00	180458.00	5609.00
OPTIDX	NIFTY	28-Jun-12	PE	5000.00	7.85	9.79	536305.00	42632.00	13437.74	1.00	178271.00	2320.00
OPTIDX	NIFTY	28-Jun-12	PE	4900.00	2.90	1.75	288512.00	35963.00	7074.14	0.00	172948.00	25479.00

### 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	ICICIBANK	28-Jun-12	-	-	852.95	0.02	21746.00	-1753.00	459.69	0.00	38571.00	-1548.00
FUTSTK	SBIN	28-Jun-12	-	-	2155.25	-1.22	56089.00	6568.00	1512.47	-27.00	36170.00	-7573.00
FUTSTK	TATASTEEL	28-Jun-12	-	-	419.85	-2.47	13304.00	2005.00	280.18	-11.00	33050.00	-773.00
OPTSTK	SBIN	28-Jun-12	CE	2200.00	20.15	-36.23	17213.00	3576.00	478.25	-11.00	6368.00	2006.00
OPTSTK	SBIN	28-Jun-12	CE	2300.00	3.30	-52.86	5206.00	2048.00	149.96	-4.00	4783.00	960.00
OPTSTK	SBIN	28-Jun-12	PE	2000.00	3.15	6.78	3254.00	-2865.00	81.51	0.00	3903.00	-50.00

## US Market

The US markets remained under pressure in the data heavy week as the Federal Reserve cut growth estimates and expanded its economic stimulus program known as 'Operation Twist' beyond June. Policy makers led by Chairman Ben S Bernanke are taking steps to shore up the world's largest economy as faltering growth leaves it vulnerable to fallout from the European debt crisis. The US Payrolls expanded at the slowest pace in a year in May, and the jobless rate has been stuck above 8 percent since February 2009. The Federal Reserve softened its growth and inflation forecasts over the next three years and stated the unemployment rate will hold above 8% through the end of 2012. The Fed also cut its inflation forecast down aggressively, to between 1.2% and 1.7% this year, as opposed to its forecast in April of between 1.9% and 2%. The Fed's forecast for growth this year is down to a range of 1.9% to 2.4%, from 2.4% to 2.9% in April. The Fed stated that consumer spending has slowed, adding that it expected economic growth to pick up very gradually.

The Fed meanwhile left unchanged its policy of reinvesting its portfolio of maturing housing debt into agency mortgage-backed securities. Bernanke enlightened that he was watching the labor market closely and stated that Fed may take additional steps to spur growth if labor markets don't continue to improve.

Besides, there was slew of weak economic news, a gauge of factory activity in and around Philadelphia plunged in June, raising fears that economy could be in a new soft-patch. Factory activity in the Philadelphia region fell to its lowest level in more than 10 months in June, the Philadelphia Federal Reserve Bank stated. The number of Americans who applied for unemployment benefits fell slightly last week but remained at a level, indicating virtually no improvement in hiring trends or labor market conditions. Jobless claims declined by 2,000 to a seasonally adjusted 387,000 in the week ended June 16. Also, sales of existing homes fell 1.5% in May as fewer cheap homes were sold, a trade group stated.

	Last Close 21/06/12	Prev Close 15/06/12	High	Low	% Change
Dow Jones	12573.57	12767.17	12917.37	12554.77	-1.52
Nasdaq	2859.09	2872.80	2942.28	2837.94	-0.48
S&P 500	1325.51	1342.84	1363.46	1324.41	-1.29

## European Market

The European market ran into another week of volatile trade after the European Union and German government officials stated that there was no discussion at the Group of 20 meeting about a rumored plan to use bailout backstop funds to purchase government bonds of crisis-hit member states. However the new week brought cheers for the region as the outcome of the Greek election was marginally in favour of the pro bailout parties, soothing the concern of Greece exit from the single currency bloc.

Investors deliberated that the G-20, which includes only three of the 17 nations in the Eurozone - the bloc that shares the euro currency was not the forum for fixing Eurozone problem. The G20 statement noted that euro countries are committed to take all necessary political measures to preserve the currency union and the region should plan to consider concrete steps towards a more integrated financial structure that will include common bank supervision and recapitalization and closure of failed banks and extend deposit guarantee to bank depositors. G20 leaders urged European leaders to accelerate the banking industry integration in the region that will sever the cycle of highly indebted countries which are forced to rescue local banks that only add to the government debt.

There were some disappointing reports on the economic front. German economic expectations declined more than estimated in June, survey results published by the Center for European Economic Research or ZEW showed. The ZEW Indicator of Economic Sentiment for Germany decreased 27.7 points to -16.9 points in June the sharpest monthly fall since October 1998. Construction output in the euro area fell in April. Also, UK unemployment claims increased unexpectedly in May, the latest data from the Office for National Statistics showed.

	Last Close 21/06/12	Prev Close 15/06/12	High	Low	% Change
DAX	6343.13	6229.41	6427.49	6158.78	1.83
FTSE 100	5566.40	5478.80	5623.90	5461.10	1.60

## Asian Market

After witnessing bull run last week, Asian equity indices finished the week's trade on a mixed note during passing week. Global growth jitters dampened the sentiments as disappointing US economic reports with factory activity in the mid-Atlantic region tumbled to a 10-month low in June. Meanwhile, ratings agency Moody's downgrade of 15 global banks further intensified the negative sentiment. On the regional front, Japan posted a larger-than-expected merchandise trade deficit last month, due to the country's first-ever trade shortfall with Europe and a surging energy import bill. The deficit was the biggest on record for a May period.

However, Japanese Nikkei remained the top gainer, garnering over two and a half percent after Exports of the nation rose 10 percent in May from a year earlier, boosted by a 38 percent jump in deliveries to the US. The exports have risen the most in 17 months easing concerns about the impact of a global slowdown on the economy. Moreover, shipments to China, Japan's biggest trading partner, also rose for the first time in eight months. Meanwhile, imports also rose by a better-than-expected 9 percent during the month, which indicated that domestic demand may also be picking up.

Chinese Shanghai remained the major loser, down by about two percent during the week as preliminary report of China's manufacturing activity showed more weakness in June, which appeared to strengthen the case for more stimulus measures to spur growth. The HSBC China Manufacturing Purchasing Managers Index fell to 48.1 in June compared with a final reading of 48.4 in May. It was the eighth straight month of a reading below 50, which indicated contraction from the previous month.

	Last Close 21/06/12	Prev Close 15/06/12	High	Low	% Change
Hang Seng	19265.07	19233.94	19578.82	18919.17	0.16
KLSE	1601.43	1579.23	1607.31	1574.15	1.41
Nikkei 225	8824.07	8569.32	8859.04	8552.75	2.97
Straits Times	2830.15	2811.00	2861.53	2772.47	0.68
Seoul	1889.15	1858.16	1908.19	1847.19	1.67
Shanghai	2260.88	2306.85	2325.05	2253.79	-1.99

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