

FEB 23, 2012

Morning Call

Comments on Market

The Indian benchmark indices belled the day on a flat note on the back of mixed cues from the Global markets. The BSE Sensex currently trading at 18,150 points reflecting a gain of 4 points while the NSE's Nifty trading at 5,507 points reflecting an increase of 2 points. The BSE MIDCAP is trading at 6,355 down by 20 points, while the BSE SMALLCAP at 6,934 down by 36 points.

Stock Reaction

- **SBI** rebounded with 2% gains after clarification on Kingfisher news.
- **Ranbaxy Labs** rose 1.5% ahead of quarterly numbers today.
- **Bharti Airtel** fell 3.5% post Econet sought USD 3 billion damages from the company.
- **Kingfisher Airlines** fell over 1% as I-T department continued to freeze company's accounts.

Out of the 13 sectoral indices, 7 are trading in the red with BSE METAL and BSE REALTY index each down by more than 1%. The overall market breadth is negative as 505 stocks were advancing while 884 stocks declined & 46 remained unchanged.

OUTLOOK:

Today, the market has opened along the base line but some movement can be expected later half of the day as the indices are likely to take cues from the opening of European markets in the noon.

Volatility is expected as investors roll over positions in ***Futures & Options (F&O)*** segment from the near-month February 2012 series to March 2012 series. The near-month February 2012 F&O contract will expire today i.e. Thursday, 23 February 2012.

AVIATION STOCKS will be watched after the government allowed the airlines to import Aviation Turbine Fuel under the so-called open-general licence, enabling them to avoid sales taxes of between 12-23% that are levied by state governments.

There will be a buzz in ***POWER SECTOR*** as the government plans to make domestic procurement of power generation equipment mandatory for all bidders of ultra mega power projects that have the benefit of domestic coal linkages.

TECHNICAL OUTLOOK

Nifty took support near psychological 5500 mark to close near it. As expected correction was due for this fast rally with support near 5500 mark, but now if Nifty closes below 5500 mark then the next target will be at 5426 level. The Nifty on upside will face resistance near 5550 mark only closing above this will take nifty near 5630 levels. Technically Nifty traded in zone between 5320-5400 levels after which it again started upward journey so now this will act as major support levels on downside. Today's trading range for Nifty will be between 5440-5550. The Major and Medium trend are still up but Short term trend has turned negative.

STOCK RECOMMENDATION:

AXIS BANK:

This stock was recommended yesterday for selling at MP of Rs 1280.00 with stop loss Rs 1295.00 for Target price of Rs 1261.00. As expected the stock had a severe nosedive type of correction which took stock near Rs 1205.00 level thus converting our call in profits.

SAIL:

This stock was recommended for selling yesterday at MP of Rs 112.75 with stop loss of Rs 116.10 for Target price of Rs 108.35. This stock also along with the front runners witnessed profit booking thus registering our call in excellent profit.

NTPC LTD.:

This stock was recommended for selling yesterday at MP of Rs. 185.00 with stop loss of Rs. 187.50 for Target price of Rs. 181.50. Heavy selling pressure due to profit booking by domestic Institution accounted for downward movement in this stock which turned our call positive buy achieving given Target price.

ECONOMIC ACTIVITY

FY12 growth estimates revised to 7.1%, FY12-13 at 7.5-8%

- The Prime Minister's economic advisory panel projected 7.5 - 8% growth rate for the next fiscal and said the country can achieve a higher economic expansion if the global environment turns favourable.
- We might be able to achieve 8% growth on our esteem. If the world environment is favourable, we will be able to achieve high growth rate," the Chairman of the Prime Minister's Economic Advisory Council (PMEAC), C Rangarajan.
- While releasing the Review of Economy (2011-12), he said that the growth rate in 2011-12 is likely to be 7.1%, marginally higher than 6.9% projected by the Central Statistical Organisation (CSO).
- Indian economy was growing at over 9% before the financial meltdown of 2008 pulled down the growth rate to 6.7% in 2008-09.
- The economy recorded a growth rate of 8.4% in 2010-11, which according to the CSO estimates is expected to moderate to 6.7% in the current fiscal. Referring to inflation, which has remained at elevated level in 2011, he said it would moderate to 6.5% by March end and 5-6% in the next fiscal.
- While the retail inflation based on Consumer Price Index (CPI) was 7.65% in January, the Wholesale Price Index (WPI) inflation was 6.55%

India slips to 4th place on Economic Confidence Index

- The uncertainties surrounding the world economy and a high fiscal deficit has pushed India to fourth place globally in terms of economic confidence of the people.
- As per the survey conducted by research firm Ipsos, India slipped one position to the fourth place in January.
- The report said that India's economic confidence declined by three points to 65% in January. Saudi Arabia retained its top slot with economic confidence of 86%, followed by Sweden at second position (72%), Australia and Germany at third (70% each) and India and Canada at fourth (65%).
- The report, which examined citizens' assessment of the current state of their country's economy, said that the overall global average economic confidence increased by one point to 39% in January.
- India and China continue to demonstrate comparatively strong national economic confidence, with expectations and assessments across all measures well above Asia Pacific averages.
- Though Chinese assessments of their national economy were slightly below those of India and Australia. Economic confidence among natives of China stood at 62%. South Africa, China, Germany and Brazil gained the most in terms of economic confidence. However, Mexico, South Korea and Turkey showed the least improvement.

COMMODITY CHECK

Oil dropped in Asia as investors booked profit ahead of the weekly inventories data today. Weakness was also seen the Asian equities amid lingering questions over Europe's latest effort to aid Greece and as oil breached past \$106 levels.

Bullion metal prices ended mixed on Wednesday, 22 February 2012 at Comex. Comex April gold futures prices made a late move higher to finish the U.S. trading session higher, near the daily high and at a fresh three-month high on Wednesday. At the MCX, gold prices for April delivery closed higher by Rs 266 (0.93%) at Rs 28,646 per ten grams.

CURRENCY CHECK

The Indian rupee opened at 49.31 per dollar versus 49.23 yesterday. The rupee showed resilience yesterday in the face of local stock market losses but pressure could come in today by the weak global cues and higher crude oil prices. The range for the day is seen between 49.05-49.55/USD

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