

HEDGE EQUITIES

Invest with an edge

MORNING REPORT

June 13, 2011

INDEX	POINT	Chg.
NIFTY	5485	-35
SENSEX	18268.5	-116
Hangseng	22246	-174
NIKKEI	9441	-73
US DJIA	11952	-172

YESTERDAY VOLUMES

BSE CASH(Cr)	2,638.60
NSE CASH(Cr)	8959.59
NSE F&O(Cr)	89453.69
TOTAL (Rs. Cr)	101,051.88

INSTITUTIONAL ACTIVITY

FII (Rs. Cr)	-170.05
DII (Rs. Cr)	336.98

PRECIOUS METALS

GOLD	Rs.22517
SILVER	Rs. 54539

BASE METALS

NICKEL	Rs. 1024.6
COPPER	Rs. 401.75

COMMODITIES

CRUDE OIL	Rs. 4432
NAT. GAS	Rs.213.9
RUBBER	Rs . 22525
PEPPER	Rs .23049

Markets are expected to open down, tracking weak cues from overseas markets, as persistent concerns over slowing domestic and global economic growth may influence the investors sentiments.

Support @ 5432 Resistance @ 5531

MARKETS YESTERDAY

Morning Session: The market slipped into the red after turning positive for a brief period after a subdued start.

Afternoon Session: The market was range bound in afternoon trade.

Closing Session: The key benchmark indices reached their lowest closing level in nearly two weeks Caution prevailed as the RBI is seen raising its key lending rate by 25 basis points at its mid-quarter monetary policy review on 16 June 2011 to tame inflation.

MARKET NEWS

- Jan-Mar earnings to be detailed by: Idea Cellular, and Tourism Finance Corp
- MARUTI SUZUKI: The company's management has accepted the demand of the striking workers at its Manesar plant to form a separate union, but said the union cannot be affiliated to any political party or have outsiders as members
- RELIANCE INDUSTRIES: Company along with RELIANCE INDUSTRIAL INFRASTRUCTURE announced buyout of Bharti Enterprises' 74% stake in its joint ventures Bharti AXA Life Insurance Co Ltd and Bharti AXA General Insurance Co Ltd
- INFORMATION TECHNOLOGY: Majors such as TATA CONSULTANCY SERVICES, and HCL INFOSYSTEMS are in the race for Himachal data centre project.

MARKETS TODAY

- The SGX NIFTY is trading at 5462 down by 23 point.
- Asian equities fell in early session, mirroring peers on Wall Street, as concerns over slow-down in global economic recovery led investors to cut their exposure to riskier assets.

NIFTY SUPPORT AND RESISTANCE LEVELS FOR THE DAY

Resistance — 5494, 5512, 5531 & Supports — 5469, 5453, 5432

F&O

Nifty June futures ended the day at 5484.15, with a price decrease of -0.63% and an Open Interest (OI) decrease of -2.6% from the previous day's future close. Market trend was negative due to lower than expected IIP data and a selling by investors before the weekend.

TECHNICAL OUTLOOK

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- ⇒ The S&P CNX Nifty is still trading below the 100 days EMA which remains a negative bias for the current rally.
- ⇒ Oscillators like RSI has closed with negative divergence trade.
- ⇒ Overall, the market may expect a negative bias until Nifty break up 5515 level.
- ⇒ Resistance — 5494, 5512, 5531 & Supports — 5469, 5453, 5432.

R1	5494	R2	5512	R3	5531
S1	5469	S2	5453	S3	5432

Events to watch today

Corporate Actions update

- ◆ Castrol India Limited : DIVIDEND RS 8 PER SHARE

IPO Updates

FUTURES & OPTIONS

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Futures Market:

- Nifty June futures ended the day at 5484.15, with a price decrease of -0.63% and an Open Interest (OI) decrease of -2.6% from the previous day's future close. Market trend was negative due to lower than expected IIP data and a selling by investors before the weekend.
- Spot closed at 5485.8 which means that the June months futures traded at a discount of -1.65 an increase from the previous -1.9 ; this decrease in the discount does not indicate much but does suggest some short covering possible. Overall trend over the past few sessions has been consolidation.
- Nifty July futures ended at 5498.05 with a price decrease of -0.64% and an OI increase of 4.72% ; trend for the market stands at slight negative.

Options Market:

- Nifty 3 month Put-Call Ratio (PCR) on the basis of OI stood at 1.26 a decrease from the previous days PCR of 1.35, this decrease in the PCR is seen due to an increase in the OI of calls over the decrease seen in puts OI. Calls saw short buildup while puts were under some short covering.
- Highest OI increase was seen for 5500 CE which saw short buildup and may indicate a resistance at this level and a negative sentiment; for puts highest OI increase was seen for 5100 PE.
- Immediate resistance on the basis of options for the Nifty stands at 5574 and support at 5410.
- India VIX stood at 18.54 a slight decrease of -0.22% from the previous days 18.58. This period of non movement from the VIX does still suggest that a volatile movement is possible.

Most Active Futures in Terms of Contracts						Trade Stats for 6th June			
SCRIP (MAY)	FUTURE PRICE	SPOT PRICE	PREM TO CASH	CHG IN PR%	CHG IN OI%	Product	No. of Contracts	Turnover (Rs. Cr.)	Put-Call Ratio
SBIN	2276.7	2263.55	13.15	-1.28	6.71	Index Futures	368984	9467.06	-
TATAMOTORS	1023.1	1021.15	1.95	-0.84	-0.30	Stock Futures	375893	9437.10	-
LT	1729.75	1725.95	3.8	1.38	-2.05	Index Options	1833714	51047.12	0.93
ICICIBANK	1051.45	1048.00	3.45	-0.24	-2.02	Stock Options	82468	2108.44	0.39
RELIANCE	955.75	954.00	1.75	0.40	-1.79	F&O Total	2661059	72059.72	0.90

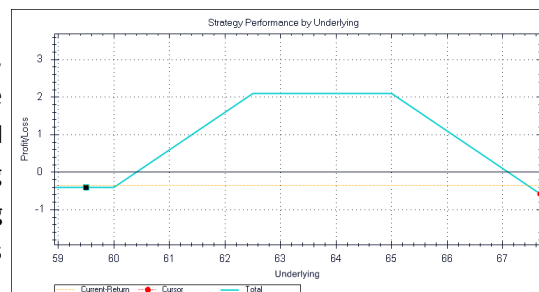
Derivative Option Strategy

Bull Call Spread on DCB Limited

Scrip: Development Credit Bank Ltd. | Lot Size: 4000 | Expiry Date: 30th June | CMP: Rs.59.45

Rationale: There is some positivity seen for DCB and the stock underlying may rally up to near 62.8 levels. Long buildup was seen on futures side of the market and this supports the positive expectation for the stock. The strategy suggested is the Bull Call Spread with an extra call sold out of the money to cover the costs.

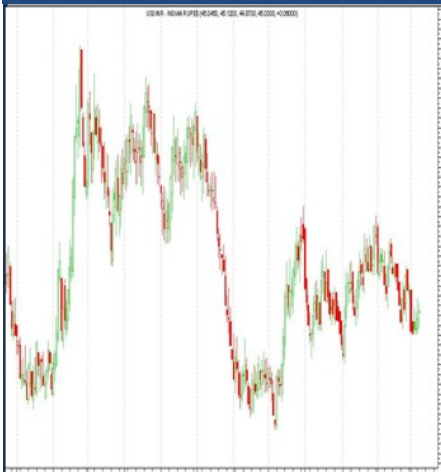
Construction: The strategy is constructed by purchasing one 60 CE at Rs.2.25, selling one 62.5 CE at Rs.1.15 and selling 65 CE at Rs.0.7; the total cost to create the strategy is Rs.0.4. The strategy initiates at 60 and breaks-even at 60.4 and maximizes profits between 62.5 to 65 with Rs.2.1. The cost incurred in creating the strategy is the maximum downside loss the strategy incurs if underlying stays below 60 on expiry. A Breakeven is formed above 67.1 after which losses occur.



CURRENCY

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USD/INR DAILY CHART



USD/INR:

The Indian rupee ended at 44.72 per dollar on Friday, on cues of weak local shares and a volatile euro was overshadowed by robust corporate dollar inflows. The Indian rupee ended at 44.72 compared to Thursday's close of 44.73. In Intraday the currency moved in the range of 44.66 - 44.76 range.

Currency speculators boosted bets against the U.S. dollar for a second straight week in the latest period, according to data from the Commodity Futures Trading Commission (CFTC) released on Friday. The value of the dollar's net short position rose to \$22.98 billion in the week ended June 7, from net shorts of \$15.73 billion a week earlier.

In the currency futures market, the most traded near-month dollar-rupee contracts on the National Stock Exchange and the MCX-SX were both at 44.8475 and on the United Stock Exchange at 44.8500, with the total volume at \$7.01 billion.

DOLLAR INDEX CHART



EURO:

The rupee against euro on Friday ended at 64.7900 for June contract. The euro fell for the third straight day against the dollar on Friday, on concerns of Greek debt crisis and diminished expectations about the euro zone rate hikes. Euro fell 1.1% on Friday and traded at \$1.4343 and against the yen it ended at 115.200 down by 1.2%.

EURO/INR DAILY CHART



The Greek debt restructuring came into picture once again and dragged the Euro southwards, as ECB said it would not roll over its own Greek bond holdings. We would get some clarity on this issue when Euro zone finance minister meet on June 20.

ECB kept its 2012 inflation forecast target unchanged, which indicates the pace of Euro zone interest rate hikes will be slower than expected. Trichet gave signals that interest rate hike is possible in July.

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