

# Morning Coffee with GEPL Capital



Date: June 29, 2012

## Market Update

| Indices                 | Close     | % Chg   | % YTD   |
|-------------------------|-----------|---------|---------|
| <b>Indian Markets</b>   |           |         |         |
| Sensex                  | 16,990.76 | 0.14%   | 9.94%   |
| Nifty                   | 5,149.15  | 0.14%   | 11.35%  |
| <b>Global Markets</b>   |           |         |         |
| DJIA                    | 12,602.26 | (0.20%) | 3.15%   |
| Nasdaq                  | 2,849.49  | (0.90%) | 9.38%   |
| FTSE                    | 5,493.06  | (0.56%) | (1.42%) |
| <b>Emerging Markets</b> |           |         |         |
| HangSeng                | 19,025.27 | (0.79%) | 3.21%   |
| Nikkei                  | 8,874.11  | 1.65%   | 4.95%   |

| BSE Sectoral Indices | Latest   | % Chg   | % YTD   |
|----------------------|----------|---------|---------|
| Auto                 | 9255.89  | 0.08%   | 13.66%  |
| Banks                | 11507.5  | (0.32%) | 25.72%  |
| Capital Goods        | 9672.38  | (0.17%) | 19.89%  |
| Comm & Teck          | 3299.39  | 0.04%   | (2.39%) |
| Con. Durables        | 6073.82  | (0.30%) | 14.94%  |
| FMCG                 | 4888.45  | 0.82%   | 21.14%  |
| Healthcare           | 6757.43  | (0.02%) | 15.11%  |
| IT                   | 5687.54  | 0.22%   | (1.12%) |
| Metals               | 10426.25 | 0.17%   | 12.19%  |
| Oil & Gas            | 7940.99  | (0.37%) | 5.47%   |
| Power                | 1919.33  | 0.38%   | 6.87%   |
| Realty               | 1627.72  | (0.11%) | 18.32%  |
| Midcap               | 6055.46  | 0.07%   | 17.92%  |
| Smallcap             | 6458.85  | 0.22%   | 16.37%  |

### Bulk Deals (BSE)

| Date       | Scrip Name   | Client Name                          | Buy/Sell | Quantity   | Price  |
|------------|--------------|--------------------------------------|----------|------------|--------|
| 28-June-12 | Axis Bank    | HSBC IRIS Investments Mauritius Ltd. | Sell     | 19,609,210 | 958.43 |
| 28-June-12 | ABG Shipyard | Barclays Capital Mauritius Ltd.      | Sell     | 530,000    | 358.84 |

### Bulk Deals (NSE)

| Date       | Scrip Name            | Client Name                              | Buy/Sell | Quantity | Price  |
|------------|-----------------------|--|----------|----------|--------|
| 28-June-12 | Orchid Chemicals Ltd. | Goldman Sachs Investments Mauritius Ltd. | Buy      | 742,001  | 115.79 |
| 28-June-12 | Orchid Chemicals Ltd. | Macquaire Bank Ltd.                      | Sell     | 366,000  | 115.71 |

### Fund Flows ('bn)

|      | Latest | MTD    | YTD      |
|------|--------|--------|----------|
| Flls | (4.86) | (5.91) | 638.70   |
| MFs  | 32.07  | 681.51 | 2,517.07 |

## Corporate News

- **Bajaj Auto** may hike prices of its products to combat rising raw material costs on account of depreciating Rupee.
- Japanese logistics major Kintetsu World Express invested Rs2.67 bn for 30% stake in a JV with **Gati Ltd.**
- **SAIL**-led consortium may sign pact with Afghanistan by July end to develop steel plant, thermal power plant & necessary infrastructure with total investments of over \$10 bn.
- **Tata Power** has said that it would continue to scout for coal mines abroad, especially Indonesia and South Africa for fuel security.
- CCI has approved the merger of Hero Investments Pvt Ltd. with two-wheeler major **Hero MotoCorp Ltd.**
- **Bliss GVS Pharma** acquired 70% in Kremoint Pharma Private Ltd.
- **JSW Steel** paid Rs22 bn for redemption of FCCBs issued in 2007.
- **Power Grid Corporation of India** raised Rs39.97 bn through bonds issue in the domestic market at a coupon rate of 9.30% p.a.
- Government is likely to take the auction route for selling 10% of its stake in **Hindustan Copper.**
- Cairn Plc UK may sell 3.5% of stake in **Cairn India** at Rs304-Rs315 a share for a total value of Rs20 bn.
- Rekha, Rakesh Jhunjhunwala and 3 other entities purchased 0.75 mn shares of **NCC** taking their total stake to 7.98% from 7.69%.

## Economy News

- Govt. is considering proposal to provide subsidy to private airlines operating flights on loss-making routes in north eastern region.
- The Prime Minister will seek to clear up confusion over tax policy that has rattled investor confidence within the next 2 to 3 weeks.
- DoT will slap fines of Rs15.94 bn on 5 Telecom Cos for allegedly understating revenues and paying less levies.
- State-run oil marketing firms on Thursday reduced the price of petrol by Rs 2.46 per liter (effectively Rs3.10 per liter in Mumbai).
- Income Tax dept has spared P-Notes from the ambit of GAAR.

## Global News

- German unemployment rose by 7,000 to 2.88 mn in June, 2012; the 4<sup>th</sup> straight rise; against forecast of an increase of 3,000.
- Disposable income with UK citizens dropped 0.9% in Q1CY12 after a 0.9% fall in Q4CY11.
- South Korea cut its CY12 growth estimate from 3.7% (predicted in December, 2011) to 3.3%.
- Japan's industrial output fell 3.1% in May, 2012; the most since March, 2011 vs median estimate of a 2.8% drop.
- Chinese Industrial Cos' income dropped 5.3% YoY in May, 2012 vs a 2.2% decline in April, 2012 and 4.5% gain in March, 2012.

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## Debt Market Snapshot

| Market Turnover   | ₹ bn    | % Chg  |
|-------------------|---------|--------|
| BSE               | 43.07   | 175.74 |
| NSE               | 113.22  | 25.10  |
| Derivatives (NSE) | 2130.33 | 43.81  |

| Market Breadth | Adv  | Dec  | A/D  |
|----------------|------|------|------|
| BSE            | 758  | 704  | 1.08 |
| NSE            | 1461 | 1312 | 1.11 |

| Forex Rates  | Latest  | % Chg | % YTD |
|--------------|---------|-------|-------|
| Rs / US\$    | 56.8554 | -0.49 | 6.24  |
| Euro / US \$ | 0.8053  | 0.48  | 4.00  |
| Yen / US\$   | 79.4009 | -0.42 | 3.10  |

| Particulars          | Latest | Previous | Chg(bps) |
|----------------------|--------|----------|----------|
| 5 Year GOI Bond      | 8.19%  | 8.20%    | 0.01     |
| 10 Year GOI Bond     | 8.13%  | 8.12%    | (0.01)   |
| 15-Year GOI Bond     | 8.47%  | 8.47%    | -        |
| Call Money (WAR)     | 8.10%  | 8.10%    | -        |
| CBLO (WAR)           | 7.82%  | 7.78%    | (0.04)   |
| US 10 Year           | 1.61%  | 1.63%    | 0.02     |
| Crude Oil (in \$/bl) | 80.21  | 79.36    | (0.85)   |
| Inflation (Monthly)  | 7.55%  | 7.55%    | -        |

## Government Security Market:

- The Inter-bank call money rate traded in the range of 7.90% - 8.15% on Thursday, ended at 8.00% .
- Total Borrowings From RBI's Repo with banks Taking Rs.743350 mn on Thursday Vs. 809650 mn on Wednesday .
- The benchmark 8.15% GOI 2022 bond closed at 8.1307% on Thursday Vs. 8.1245% on Wednesday .

## Global Debt Market:

US.Treasury advanced for a second day amid speculation European leaders gathering for a two-day summit in Brussels will fail to agree on a strategy to contain the region's debt crisis. Benchmark 10 year bond extended a quarterly gain before a U.S. report forecast to confirm economic growth slowed in the first quarter.

## 10 Year Benchmark Technical View:

10 year yield likely to move in the range of 8.10% - 8.15% level on Friday.

## Bonds on Sale:

|  | Coupon | Maturity                               | Min Quantum (in Rs.) |
|--|--------|--|----------------------|
| 11.80% TATA STEEL PERPETUAL BOND             | 11.80% | PERPETUAL<br>CALL OPTION 18-MARCH-2021 | 1000000              |
| 11.40% TATA MOTOR PERPETUAL BOND             | 11.40% | PERPETUAL<br>CALL OPTION 2-June-2021   | 1000000              |
| 11.35% TATA MOTOR FINANCE LTD PERPETUAL BOND | 11.35% | PERPETUAL<br>CALL OPTION 23-Nov-2020   | 500000               |
| NHAI Tax Free Bond                           | 8.20%  | 25-Jan -2022                           | 500000               |
| PFC Tax Free Bond                            | 8.20%  | 1-Feb-22                               | 500000               |

## Derivatives Snapshot

For Further Bond Details Please Contact GEPL Debt Desk

|          | Nifty Spot | Nifty Futures | Nifty Futures Prem. / Disc | Nifty Futures Basis | Nifty Futures Change in OI | Nifty Futures Volume ( in cr.) | Total Market F&O Open Interest ( in bn) | Nifty Open Interest (OI) PCR | Nifty Volume PCR | NSE VIX |
|----------|------------|---------------|----------------------------|---------------------|----------------------------|--------------------------------|---|------------------------------|------------------|---------|
| Current  | 5149.15    | 5150.75       | 1.60                       | 5.00                | 28149350                   | 14230.77                       |   | 1.21                         | 1.08             | 20.62   |
| Previous | 5141.90    | 5139.65       | 18.85                      | 20.55               | 27230100                   | 8964.67                        |   | 1.72                         | 1.15             | 20.37   |
| change   | 7.25       | 11.10         | (17.25)                    | (15.55)             | 919250                     | 5266.10                        |   | (0.51)                       | (0.07)           | 0.25    |
| % Change | 0.14       | 0.22          |                            |                     | 3.38                       | 58.74                          |   |                              |                  | 1.23    |

## Snapshot

- From the options data, 5000 put has added more than 17lakh shares suggesting that level of 5000 is likely to act as positional support for Nifty futures.
- The open interest put call ratio for Nifty futures stood at 1.21 vs. 1.72 levels.
- The IV's stood in between 20% to 24% with NSE VIX index ending 3.62% higher at 24.89 levels.
- Long positions were witnessed in stocks like ABAN, EDUCOMP, ROLTA, TATASTEEL.
- Short positions were witnessed in stocks like ONMOBILE, SESAGOA, AXISBANK, STER.

## FII Derivatives Statistics

|               | Buy ( in Cr.) | Sell ( in Cr.) | Open Interest at the end of the day ( in Cr.) | Open Interest as on 10-FEB-2011 ( in Cr.) | Change in open Interest ( in Cr.) | Net Buy / Sell ( in Cr.) |
|---------------|---------------|----------------|---|---|-----------------------------------|--------------------------|
| INDEX FUTURES | 5384.93       | 5353.70        | 10981.90                                      | 17112.80                                  | (6130.90)                         | 31.23                    |
| INDEX OPTIONS | 18527.42      | 17363.84       | 28934.79                                      | 50533.65                                  | (21598.86)                        | 1163.58                  |
| STOCK FUTURES | 6243.44       | 6197.61        | 21369.06                                      | 25163.59                                  | (3794.53)                         | 45.83                    |
| STOCK OPTIONS | 869.40        | 780.65         | 36.34   | 1352.30                                   | (1315.95)                         | 88.75                    |

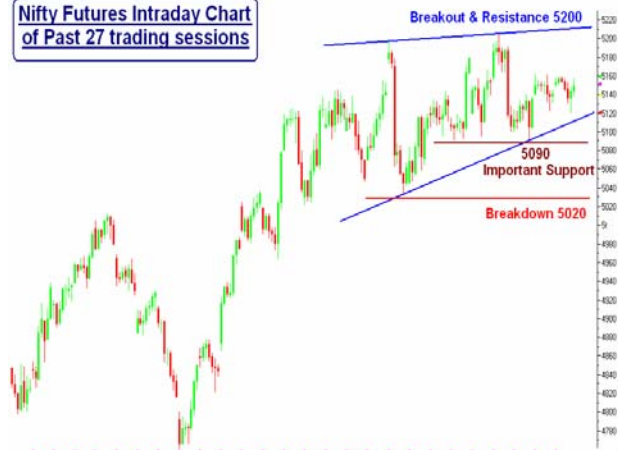
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## Technical Snapshot

Nifty Futures Intraday Chart of Past 27 trading sessions



### Stocks to watch

Century Tex (+) NTPC (+) Lupin (+) MRF (-) On Mobile (-)

### Trading Calls for the day

| Stock    | Buy / Sell | Segment | Lot Size | Type of Call | Reco. Price | Stop Loss | Target 1 | Target 2 |
|----------|------------|---------|----------|--------------|-------------|-----------|----------|----------|
| Coal Ind | Buy        | Futures | 1000     | One Day      | 347         | 341       | 353      | -        |
| IFCI     | Buy        | Futures | 8000     | One Day      | 37.45       | 36.40     | 38.60    | -        |

### Technical Calls for Retail Desk

| Sr. No | Date      | Action   | Company            | Reco. Price | Stop Loss | Target 1 | Target 2 | CMP     | Remarks                             |
|--------|-----------|----------|--------------------|-------------|-----------|----------|----------|---------|-------------------------------------|
| 1      | 10-Feb-12 | Buy (P)  | DCHL Cash          | 51.4        | 45.75     | 57       | 62.7     | 31.35   |                                     |
| 2      | 10-Feb-12 | Buy (P)  | Dredging Corp Cash | 317.5       | 287.5     | 347.5    | 377.5    | 266.05  |                                     |
| 3      | 10-Feb-12 | Buy (ST) | Dish TV Cash       | 67          | 60        | 74       | 81       | 61.7    |                                     |
| 4      | 15-Feb-12 | Buy (P)  | India Cem Cash     | 98          | 75        | 121      | 144      | 84.1    |                                     |
| 5      | 16-Feb-12 | Buy (P)  | GMDC Cash          | 196         | 196*      | 211      | 226      | 187.4   | Part profit booked @ 211 Rev SL 196 |
| 6      | 6-Mar-12  | Buy (P)  | Reliance Cash      | 804         | 754       | 854      | 904      | 719.2   |                                     |
| 7      | 21-Mar-12 | Buy (ST) | Delta Corp Cash    | 74          | 71        |          |          | 63.65   |                                     |
| 8      | 8-Jun-12  | Buy (D)  | IDEA 85 Call       | 0.9         | 0         | 2        | 2.8      | 0       | Expired, Call closed                |
| 9      | 21-Jun-12 | Buy (ST) | LNT Cash           | 1363        | 1303      | 1423     | 1483     | 1343.35 |                                     |
| 10     | 21-Jun-12 | Buy (ST) | HDIL Cash          | 79 - 78     | 72        | 84       | 90       | 85.1    | Part profit booked @ 84             |
| 11     | 26-Jun-12 | Buy (D)  | Axis Bank 980 Put  | 4.8 - 5.2   | 0         | 10       | 15       | 0.85    | Profit booked @ 10 Call closed      |

Open Positions Buy 9 &amp; Sell 0

\*- Revised Stop Loss

## Nifty Futures needs to break 5200 for fresh rally

### Key Highlights

- Nifty Futures closed at 5149 which is just 9 points higher than its previous close of 5140.
- For past 2 trading sessions Nifty Futures is not able to breach 5160 and closing just below this level.
- On daily charts double top structure is seen at 5200 levels hence Nifty Futures needs to break it for fresh rally.
- After the upward breakout Nifty Futures is likely to enter in the zone of 5200 - 5350.
- The earlier signs of weakness would be seen once it breaches and trades below 5090 level.
- The trend reversal level is maintained at 5020 below which sharp sell off may be seen.
- The timing cycle is indicating upward breakout of 5150 on weekly charts and strong momentum may be seen till it holds the level of 5020.
- The intermediate trend of Nifty Futures is in downward direction and reversal will be confirmed above 5300 levels on closing basis.
- The intraday resistance levels for Nifty Futures are placed at 5200 & 5250 and support levels are placed at 5150 & 5100 respectively.

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## Commodities Snapshot

| Commodity   | Month | Trend | Support 1 | Support 2 | Resistance 1 | Resistance 2 | Trading calls for the day |
|-------------|-------|-------|-----------|-----------|--------------|--------------|---------------------------|
| Gold        | Aug   | up    | 29614     | 29496     | 29936        | 30150        | -                         |
| Silver      | July  | up    | 51750     | 51375     | 52712        | 53294        | -                         |
| Crude Oil   | July  | up    | 4448      | 4404      | 4577         | 4662         | -                         |
| Natural Gas | July  | Up    | 150.90    | 147.30    | 160.60       | 166.70       | -                         |
| Copper      | June  | Down  | 416.10    | 414.30    | 420.90       | 423.90       | -                         |
| Nickel      | June  | Down  | 915.90    | 907.80    | 934.80       | 945.60       | -                         |
| Aluminium   | June  | Down  | 102.30    | 101.30    | 104.70       | 106.20       | -                         |
| Lead        | June  | Down  | 99.70     | 99.10     | 101.10       | 101.80       | -                         |
| Zinc        | June  | Down  | 101.50    | 100.90    | 102.70       | 103.20       | -                         |
| Gold \$     | Spot  | Down  | 1542.67   | 1532.35   | 1571.15      | 1589.31      | -                         |
| Silver \$   | Spot  | Down  | 26.06     | 25.71     | 26.94        | 27.47        | -                         |

\*Figures in INR unless indicated otherwise

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