

Morning Coffee with GEPL Capital



Date: July 16, 2012

Market Update

Indices	Close	% Chg	% YTD
Indian Markets			
Sensex	17,213.70	(0.11%)	11.38%
Nifty	5,227.25	(0.15%)	13.04%
Global Markets			
DJIA	12,777.09	1.62%	4.58%
Nasdaq	2,908.47	1.48%	11.64%
FTSE	5,666.13	1.03%	1.68%
Emerging Markets			
HangSeng	19,092.63	0.35%	3.57%
Nikkei	8,724.12	0.05%	3.18%

BSE Sectoral Indices	Latest	% Chg	% YTD
Auto	9310.02	(0.03%)	14.32%
Banks	12182.57	(0.21%)	33.09%
Capital Goods	10054.75	(0.35%)	24.63%
Comm & Teck	3181.61	(0.21%)	(5.88%)
Con. Durables	6230.67	(1.63%)	17.91%
FMCG	4909.59	0.22%	21.67%
Healthcare	6931.01	(0.11%)	18.06%
IT	5360.65	(0.44%)	(6.80%)
Metals	10641.04	(1.15%)	14.50%
Oil & Gas	8028.44	0.01%	6.63%
Power	1964.05	(0.68%)	9.36%
Realty	1725.21	(1.37%)	25.41%
Midcap	6247.89	(0.22%)	21.67%
Smallcap	6737.42	(0.11%)	21.39%

Bulk Deals (BSE)

Date	Scrip Name	Client Name	Buy/Sell	Quantity	Price
13-July-12	Blue Star Ltd.	SAIF India IV FII Holdings Ltd.	Buy	2,500,000	190.00
13-June-12	SKS Microfinance Ltd.	Crosseas Capital Services Pvt. Ltd.	Sell	536,509	87.63

Bulk Deals (NSE)

Date	Scrip Name	Client Name	Buy/Sell	Quantity	Price
13-July-12	Lanco Infratech Ltd.	Sunteck Wealth-max Capital Pvt. Ltd.	Sell	16,086,709	15.94
13-July-12	Kingfisher Airlines Ltd.	LKP Merchant Financing Ltd.	Sell	5,100,000	10.41

Fund Flows ('bn)	Latest	MTD	YTD
FIs	5.14	90.80	728.35
MFs	13.04	115.49	2,754.84

Corporate News

- **Tata Steel** posted an 11% decline in steel production in Q1FY13 at 1.59 mn tons against 1.79 mn tons in Q4FY12.
- **Tata Motors'** FY12 consolidated debt increased by 44% to Rs471.49 bn on account of a series of long-term borrowings.
- **DLF** plans to cut its Rs230 bn debt to Rs170 bn in FY13.
- **ONGC Videsh**, overseas arm of **ONGC** is among 8 international energy firms shortlisted for exploration of oil & gas in Afghanistan.
- **Adani Power** has sought shareholders' approval for raising up to Rs50 bn towards funding of various projects.
- **LIC Housing Finance** has begun process of raising funds through QIP for FY13, via issue of 40.6mn shares worth Rs11 bn.
- **HDFC Bank** reported 30.6% YoY growth in PAT at Rs14.17 bn for Q1FY13 vs Rs10.85 bn in Q1FY12. Total income rose 34.3% YoY to Rs95.37 bn in Q1FY13 against Rs70.98 bn in Q1FY12.
- **Power Grid** is in discussions with 3 companies, including **SAIL**, for setting up an equal JV to manufacture transmission equipment.
- Power distribution companies owe Rs5.5-6bn to **Power Grid Corp**
- **Nalco** to buy Indonesia's Ashan Aluminum (Inalum) for Rs80 bn in the largest overseas acquisition by an Indian metal PSU.
- **Shipping Corporation of India** has deferred buying of new ships due to capacity glut and pressure on margins.
- **Avantha Power and Infrastructure** is planning an IPO to raise Rs10 -15 bn, after having failed in its first attempt about 2 years ago.

Economy News

- **RBI** may increase the minimum capital requirement for new banks to Rs10 bn from the currently proposed Rs5 bn.
- The Food Ministry has proposed imposing a 10% import duty on sugar as India has surplus domestic production.
- India's trade deficit narrowed to a 15-month low of \$10.3 bn in June, 2012 vs \$14.42 bn in June, 2011. Exports contracted 5.45% to \$25.07 bn whereas imports declined 13.46% to \$35.37 bn.
- Clearance of the proposed National Policy on Electronics is expected to bring in investments of \$1 bn in the mobile phone segment during the next 3 years.

Global News

- US consumer confidence index dropped to 72 in July, 2012; lowest level in CY12 against 73.2 in June, 2012 and vs forecast of 73.5.
- China reported its weakest GDP growth pace in 3 years at 7.6% annual rate for Q2CY12.
- US retail sales rose for the 1st time in 3 months in June, 2012 gaining 0.2% against a 0.2% decline in May, 2012.
- **PIMCO** estimated US GDP real growth at 1.5% for next 10 years.

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Debt Market Snapshot

Market Turnover	₹ bn	% Chg
BSE	19.35	(11.60)
NSE	88.69	(14.09)
Derivatives (NSE)	989.29	(25.61)

Market Breadth	Adv	Dec	A/D
BSE	676	810	0.83
NSE	1304	1407	0.93

Forex Rates	Latest	% Chg	% YTD
Rs / US\$	55.1449	-1.41	3.33
Euro / US \$	0.8207	-0.06	5.80
Yen / US\$	79.2778	-0.09	2.95

Particulars	Latest	Previous	Chg(bps)
5 Year GOI Bond	8.17%	8.16%	(0.01)
10 Year GOI Bond	8.10%	8.10%	-
15-Year GOI Bond	8.41%	8.40%	(0.01)
Call Money (WAR)	8.07%	8.09%	0.02
CBLO (WAR)	7.32%	8.01%	0.69
US 10 Year	1.47%	1.49%	0.02
Crude Oil (in \$/bl)	86.08	85.81	(0.27)
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 Friday, ended at 8.00% .
- Total Borrowings From RBI's Repo with banks Taking Rs. 610450 mn on Friday Vs. Rs. 466650 mn on Thursday.
- The benchmark 8.15% GOI 2022 bond closed at 8.0968% on Friday Vs. 8.1036% on Thursday .

Global Debt Market:

US Treasury 10-year yields were four basis points from a record low as slowing economic growth in china added to concern the global expansion is flagging, boosting demand for the safest securities.

10 Year Benchmark Technical View:

10 year yield likely to move in the range of 8.07% - 8.12% level on Monday.

Bonds on Sale:

	Coupon	Maturity	Min Quantum (in Rs.)
11.80% TATA STEEL PERPETUAL BOND	11.80%	PERPETUAL CALL OPTION 18-MARCH-2021	1000000
11.40% TATA MOTOR PERPETUAL BOND	11.40%	PERPETUAL CALL OPTION 2-June-2021	1000000
11.35% TATA MOTOR FINANCE LTD PERPETUAL BOND	11.35%	PERPETUAL 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

For Further Bond Details Please Contact GEPL Debt Desk

Derivatives Snapshot

	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	5227.25	5240.45	13.20	25.05	26354050	6053.84		1.22	0.97	18.26
Previous	5235.25	5251.40	16.15	25.95	25550150	8586.38		1.27	0.98	18.71
change	(8.00)	(10.95)	(2.95)	(0.90)	803900	(2532.54)		(0.05)	(0.01)	(0.45)
% Change	(0.15)	(0.21)			3.15	(29.49)				(2.41)

Snapshot

- From the options data, 5400 call has added more than 7lakh shares suggesting that level of 5400 is likely to act as positional resistance for Nifty futures.
- The open interest put call ratio for Nifty futures stood at 1.22 vs. 1.27 levels.
- The IV's stood in between 16% to 21% with NSE VIX index ending 2.41% lower at 18.26 levels.
- Long positions were witnessed in stocks like DCB, SINTEX, ABAN, ORCHIDCHEM.
- Short positions were witnessed in stocks like FINANTECH, IVRCLINFRA, CROMPGREAV, RELCAPITAL.

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	1255.33	1294.63	14944.94	14633.56	311.38	(39.31)
INDEX OPTIONS	9951.06	10091.05	43879.27	43794.70	84.57	(139.99)
STOCK FUTURES	1172.58	1465.04	26414.44	26100.53	313.92	(292.47)
STOCK OPTIONS	1373.84	1394.05	1943.45	1819.80	123.65	(20.21)

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Technical Snapshot



Stocks to watch

Tata Mtr Dvr (+) TCS (+) Havells (+) BGR Energy (-) Bharat Forge (-)

Trading Calls for the day

Stock	Buy / Sell	Segment	Lot Size	Type of Call	Reco. Price	Stop Loss	Target 1	Target 2
Bata India	Buy	Futures	500	One day	885	870	900	-
Balram Chini	Sell	Futures	4000	One Day	58.50	60	57	-

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	28.85	
2	10-Feb-12	Buy (P)	Dredging Corp Cash	317.5	287.5	347.5	377.5	257.1	
3	15-Feb-12	Buy (P)	India Cem Cash	98	75	121	144	81.75	
4	6-Mar-12	Buy (P)	Reliance Cash	804	754	854	904	718.5	
5	21-Mar-12	Buy (ST)	Delta Corp Cash	74	71			64.85	
6	29-Jun-12	Buy (P)	IFCI Cash	39	35	43	47	40.9	
7	29-Jun-12	Buy (P)	HCC Cash	20.25	18.2	22.5	24.5	19.9	Exit @ 20.35 Call closed
8	5-Jul-12	Buy (P)	India Bulls Cash	241	217	265	289	244.15	
9	11-Jul-12	Buy (D)	ITC 250 Put	2.8	1	5	7	2.3	
10	11-Jul-12	Buy (P)	Power grid Cash	114.35	107.5	121.5	128	112.05	
11	12-Jul-12	Buy (P)	Nifty 5300 Call	42	35	55	65	34.25	Exit @ 48 Call closed
12	13-Jul-12	Buy (P)	Nifty 5200 Put	36	20	60	70	42.55	

Open Positions Buy 10 & Sell 0

*- Revised Stop Loss

Nifty Futures needs to close above 5320 for resuming uptrend

Key Highlights

- Nifty Futures closed at 5240 which is 11 point lower than its previous close of 5251.
- On daily chart from last 2 trading sessions Nifty Futures is trading below 5300 showing absence of fresh buying.
- Double bottom is seen at 5220 and crucial support is placed at 5190 considering the short term trend of Nifty Futures.
- A downward price gap of 32 points is still visible between 5312 and 5280 providing a strong resistance to Nifty Futures.
- Hence Nifty Futures needs to close above the level of 5320 for resuming uptrend and to come out of the current consolidation phase.
- On weekly charts after 5 consecutive positive closings bearish candle is seen with week to week loss of 87 points.
- The short term trend will remain in upward direction till the time Nifty Futures trades above 5090 which is crucial level to watch.
- The intermediate trend of Nifty Futures is in upward direction and the intermediate trend reversal level is 5000 on weekly closing basis.
- The intraday resistance levels for Nifty Futures are placed at 5280 & 5320 and support levels are placed at 5220 & 5190 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	29221	29140	29374	29446	-
Silver	Sept	up	52652	52438	53145	53424	-
Crude Oil	July	up	4768	4742	4819	4844	-
Natural Gas	July	Up	156.30	154.50	160.30	162.50	-
Copper	Aug	Down	423.85	421.35	428	429.65	-
Nickel	July	Down	888.70	880.90	903.40	911.10	-
Aluminium	July	Down	103.90	103.35	104.85	105.25	-
Lead	July	Down	103.50	103.15	104.35	104.85	-
Zinc	July	Down	103.10	102.70	103.95	104.45	-
Gold \$	Spot	Down	1574.05	1555.97	1603.49	1614.85	-
Silver \$	Spot	Down	27.14	26.86	27.64	27.86	-

*Figures in INR unless indicated otherwise

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