

Indian Market Research
Weekly Market Summary

Saturday, 04 Sep 2010

WEEKLY HIGHLIGHTS

- Munjals to buy Honda stake in JV
- Mahindra may not retain Ssangyong staff
- Nippon Paint to invest Rs 2.50 Bn in next 3 years
- Birlas ; Utkal Alumina get 'green' signal for expansion in Orissa
- Toyota's ride may get bumpier as ts cars have become too expensive on surging yen

WEEKLY SUMMARY

Improved macro scenario globally during the previous week helped the domestic bourses to post excellent appreciation during the previous week ended 3rd September 2010. At the start of the week under review it appeared that the market may trend downhill as there were significant correction evident from the activity in the futures & option (F&O) segment. The market reversed the trend during the week before turning marginally negative on Friday. Strong long activity build-up was witnessed in the F&O segment during the initial part of the week; however the market again ended the week on uncertain note as there were active calls writing at the 5500 and above strikes. Robust domestic automobile sales number during August 2010 besides healthy manufacturing data in China and the signs of resumption of buying by the FII's helped the domestic bourses significantly during the week under review. There could be some resistance at the 5500 level for the underlying during the coming week. The S&P nifty rose 70.70 points during the week ended 3rd September August 2010 to close at 5479.40.

The nifty future remained at a premium to the underlying throughout the week and on Friday it closed at 5.50 points premium. Fresh long open interest (OI) was added in the nifty as well as the stock futures during the week under review. However on Friday the trend was marginally negative. The market marginally corrected 6.75 points while the nifty future added 885,000 shares in OI to take the total OI to 34.8 Mn shares. The addition of fresh OI are on the long side, as the nifty future closed at the premium, however the active writing of 5500 and above strike calls indicate resistance at 5500 level. There was put buying too at the 5400, 5500 and 5600 levels which again is a negative indicator. Some of the stock futures also added healthy OI during the week under review mainly on the long side. For e.g. On Friday Reliance September future added 523,000 shares in OI to take its total OI to 31.3 Mn shares. Overall the September future stock added 12.4 Mn shares in OI to take the total OI to 2.00 Bn shares. On Friday the 5500, 5600 and 5700 strike call options added 659,000 shares, 881,000 shares and 329,000 shares in OI due to writing to take their respective OI to 8.78 Mn shares, 9.89 Mn shares and 8.66 Mn shares respectively. The trend in all these strikes during the previous 4 days was contrary. The 5400, 5500 and 5600 strike put option witnessed aggressive buying, thus adding 271,000 shares, 549,000 shares and 589,000 shares in OI. The total OI stood at 11.5 Mn shares, 6.19 Mn shares and 1.83 Mn shares respectively. There seems to be some resistance at the 5500 levels and the market may look for some stimuli by way of positive news flow to maintain the upward momentum. The short term direction seems to be checked as horizontal move is expected during the coming week. However the global market mood will be keenly watched for any upward move trigger. Horizontal move within the 5500 level may be expected during the coming week.

EQUITY MARKETS & SECTOR PERFORMANCE

- FMCG pared last week's loss.
- Metals, Teck, Healthcare & Banks ended flat.
- Auto & PSU stocks stood amongst other gainers.
- Realty stood weak for second consecutive week; lost max.

Sector	Average Var. %
Banks	(0.45)
IT – Software	(1.02)
Power Generation	(0.78)
Crude Oil & Natural Gas	(2.22)
Metal	(0.52)
Realty	(5.61)
Teck	0.43
Healthcare	0.35
FMCG	2.42
Capital Goods	(1.06)

INDUSTRY NEWS & TRENDS

- Power equipment makers such as L&T, Bhel, Bharat Forge are lobbying for a higher import duty to thwart cheap Chinese imports.
- Telecom revenue from existing customers has declined for many operators since October 2009 when competition nearly halved the realised rate per minute for operators.
- India has initiated a probe into alleged dumping of soda ash by countries like China, Iran and Pakistan to protect domestic players.

Auto	↗
BFSI	→
Construction	→
Ind. Manufacturing	↘
Consumer goods	↗
Energy	↘
IT	↘
Metals	→
Telecom	↗

N.B. Shows average trends of the week

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HINDUJA BANK (SWITZERLAND) LTD

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ECONOMIC AND POLITICAL HEADLINES

- Foreign exchange reserves rose to \$282.842 billion as on August 27, from \$282.549 billion in the previous week, the central bank said in its weekly statistical supplement on Friday.
- Food price index rose 10.86 percent and the fuel price index climbed 12.71 percent in the year to Aug. 21, government data released on Friday showed.
- India should move toward capital account convertibility on a calibrated basis according to domestic and global factors.
- Cos may be asked to create a separate fund for gratuity payments so that savings are not wiped out.
- India's tax collections could beat budget estimates of Rs 7,460 Bn in the fiscal year to end-March 2011, Revenue Secretary Sunil Mitra said on Friday.
- India is looking at distant South America where countries have been able to ramp up food production with new technology and farming methods

CORPORATE NEWS

- The country's largest two-wheeler maker Hero Honda on Wednesday reported a jump of 2.28 per cent in its sales at 4,24,617 units in August 2010.
- German luxury carmaker Audi plans to churn out more from its existing plant in India through a second production shift as it aims to more than double its sales by 2015
- Bajaj FinServ, the financial services arm of the Bajaj Group, on Thursday announced its entry into the infrastructure finance sector and appointed Anand K Gore as its chief executive.
- Anil and Mukesh Ambani groups are among the 23 investors who have shown interest in setting up a 1,320-mw thermal power plant in Karnataka's Gulbarga district.
- The country's largest wind turbine manufacturer Suzlon Energy said it has won a 30 MW wind Suzlon Energy from Bhubaneswar-based mineral developer Altrade Group.
- Shree Cement Ltd plans to invest 36 bn rupees on capital expenditure over the next 18 months, Chairman H.M. Bangur told reporters on the sidelines of an industry summit.
- Ambuja Cements Ltd (ACL) on Wednesday said its August-month production stood at 1.413 Mn tonnes, slightly down from 1.418 Mn tonnes in the year-ago period.
- Cement maker Jaiprakash Associates today reported a 51 per cent jump in sales for the month of August at 1.085 Mn tonnes.
- Cipla said it could take a decision to buy stake of up to 25 per cent in South Africa-based, Cipla Medpro in next board meeting. Cipla Medpro is a partner of the Indian firm but Cipla does not hold any stake in the company.
- Oil and gas explorer Shiv-Vani Oil & Gas Exploration Services Ltd said its consolidated net profit rose 3.32 per cent to Rs 1.99 Bn in the year ended March 31, 2010.
- Billionaire Venugopal Dhoot's Videocon group may sell a controlling stake in its wireless unit to an overseas partner to help fund expansion of the business.
- Alok Industries on 'highway' to double revenue in 3 yrs; firm sees exports touching 25 billion rupees by the end of the current financial year against 15 billion rupees last year

GLOBAL NEWS

- Asian stocks rose, lifting the MSCI Asia Pacific Index to its biggest weekly increase in three, as Japan said it's ready to act to rein in the yen and reports showed growth in Chinese and U.S. manufacturing.
- Japan views probable U.S. opposition to currency intervention as an obstacle to selling the yen, according to three Japanese government officials.
- Japanese bonds completed the biggest weekly loss since May 2008 on concern a government led by Ichiro Ozawa will boost debt-fueled spending and as economic reports encouraged investors to switch to higher-yielding assets.
- China must take measures to avoid carmakers' overcapacity, the official Xinhua News Agency reported today, citing Chen Bin, director of industry planning at the National Development and Reform Commission
- Islamic bonds lost to emerging- market debt for the fourth month in August and fund managers say returns won't catch up until trading increases and Persian Gulf companies restructure their debt.



INDICES WEEKLY PERFORMANCE

Asian Indices	Weekly Performance		Var. %
	4/9/2010	28/8/2010	
BSE Sensex	18,221.43	17,998.41	↑ 1.24
China Shanghai Comp	2,655.39	2,610.74	↑ 1.71
Hongkong Hangseng	20,971.50	20,597.35	↑ 1.82
Indonesi Jakarta Comp	3,164.28	3,104.73	↑ 1.92
Japan Nikkei 225	9,114.13	8,991.06	↑ 1.37
Malaysia KLCI Comp	1,435.67	1,411.05	↑ 1.74
Pakistan Karachi 100	9,703.06	9,598.71	↑ 1.09
Philippines PSE Comp	3,734.70	3,558.67	↑ 4.95
S. Korea Seoul Comp	1,780.02	1,729.56	↑ 2.92
Singapore Straits Times	3,002.56	2,938.74	↑ 2.17
Srilanka All Share	5,880.49	5,634.15	↑ 4.37
Thailand SET	929.9	900.37	↑ 3.28

Indian Main Indices	Weekly Performance		Var. %
	4/9/2010	28/8/2010	
BSE Sensex	18,221.43	17,998.41	↑ 1.24
S&P CNX Nifty	5,479.40	5,408.70	↑ 1.31
BSE 100	9,784.41	9,647.60	↑ 1.42
BSE 200	2,345.91	2,309.70	↑ 1.57
BSE Smallcap	9,912.64	9,640.95	↑ 2.82
CNX Midcap	8,923.35	8,757.80	↑ 1.89

Sectoral Indices	Weekly Performance		Var. %
	4/9/2010	28/8/2010	
BSE Auto	8,970.48	8,874.83	↑ 1.08
BSE Bank	12,471.47	12,527.49	↓ 0.45
BSE Consumer Durable	5,828.43	5,691.76	↑ 2.40
BSE Capital Goods	14,730.29	14,887.65	↓ 1.06
BSE FMCG	3,456.75	3,375.01	↑ 2.42
BSE Healthcare	5,630.46	5,610.65	↑ 0.35
BSE IT	5,460.74	5,517.00	↓ 1.02
BSE Metal	15,346.56	15,426.31	↓ 0.52
BSE Oil& Gas	9,981.75	10,208.56	↓ 2.22
BSE Power	3,072.43	3,096.47	↓ 0.78
BSE PSU	9,808.82	9,707.19	↑ 1.05
BSE Realty	3,487.89	3,695.27	↓ 5.61
BSE Teck	3,445.05	3,430.30	↑ 0.43

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FII / MF ACTIVITY OVER THE WEEK*



FII's started with a significant buying on the first session of the week. The numbers after third session showed a weakening in sentiments by FIIs but markets saw a comeback on last trading session & they remained on buying side for all the sessions. Trading for the week started with a choppy session with small gains. Also, the persistent concerns about the sustainability of the global economic recovery weighing on investor sentiment though FIIs stood conservative with a significant buying. Next day, markets recovered in the last one hour of trade as robust first quarter June 2010 GDP data triggered bargain hunting after a steep intraday slide in share prices. FIIs stood bullish and remained on buying side with numbers higher than the first session backed by the improved economic data from Germany. Third day saw a good comeback during second half of the market as strength in US index futures and European markets along with good sales numbers of Auto Sales aggravated buying in the mid-afternoon session. FIIs were continued on the buying spree with good numbers. Fourth day was quite cautious from large investor's point of view due to lower European markets ahead of the European Central Bank's interest rate decision and US pending home sales later in the day and US non-farm payrolls data. Last day saw a range bound market though European stocks were higher tracking gains in the United States and Japan though traders were cautious ahead of a key US labor market report.. FIIs stood bullish on Indian market, probably because of good gains in other Asian stocks, with a significant buy for last day of the week. With a break to the selling side of last week, FIIs showed a comeback into sentiment into Indian bourses for the week and made a significant buying of around ₹11.97Bn as against the last week's selling of ₹2.4Bn.

SENSEX GAINERS & LOSERS

BSE 30	Date		Var. %
	4/9/2010	28/8/2010	
TATA STEEL	539.95	504	↑ 7.13
BHARTI AIRTEL	339.4	320	↑ 6.06
ONGC	1338	1281.25	↑ 4.43
HINDALCO	170.4	163.75	↑ 4.06
STERLITE INDUS.	158.55	152.5	↑ 3.97
HERO HONDA	1736.15	1848	↓ 6.05
TCS	837.3	873.35	↓ 4.13
SBI	2773.5	2878	↓ 3.63
JINDAL STEEL & PO	683.25	708.55	↓ 3.57
BHEL	2392.6	2480	↓ 3.52

NIFTY GAINERS & LOSERS

NIFTY 50	Date		Var. %
	4/9/2010	28/8/2010	
TATA STEEL	540.95	505	↑ 7.12
RANBAXY	514.1	482	↑ 6.66
BHARTI AIRTEL	339.25	321	↑ 5.69
MARUTI SUZUKI	1272.1	1218	↑ 4.44
SUZLON	50.05	48	↑ 4.27
JINDAL STEEL & PO	683.7	796.1	↓ 14.1
HERO HONDA	1736.9	1852	↓ 6.21
TCS	837.3	872.1	↓ 3.99
BHEL	2386.25	2485	↓ 3.97
RELIANCE IND.	925.7	958.9	↓ 3.46

IMPORTANT DATES

- Sep 04: Results- Bajaj Global, CCS Infotech, Kalpena Plastiks, KS Oils, Mazda Prop, Transgene Bio, Valsol, Vijay Solvex, Vipul
- Sep 05: Results- Nova Granites, Tanla Sol
- Sep 06: Results- Gemini Comm, India Steel, Jupiter Inds, S Kumarscom

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