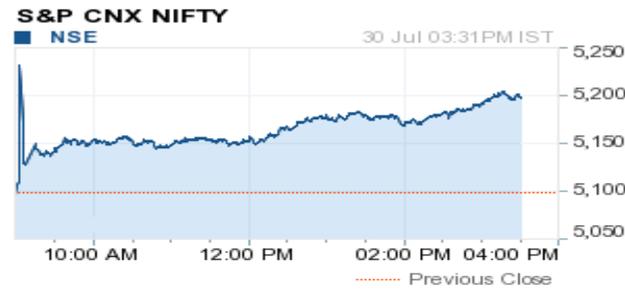




Tuesday, July 31, 2012



MARKET OUTLOOK

The day was worth watching as after taking support at a crucial retracement level of 5017, the market penetrated the 33% retracement level of its previous up move and close at 5200 after breaching the prevailing downtrend line. This may be considered as a change of trend but before that it would be prudent to watch for the policy action by the central bank that is due today. Today's market got support mainly due to banking stocks which may behave adversely once no rate cut is announced by the central bank.

The trend deciding levels for the markets are expected to be the following:

| | S2 | S1 | PIVOT | R1 | R2 |
|--------|----------|----------|----------|----------|----------|
| NIFTY | 5101.86 | 5150.83 | 5178.71 | 5227.68 | 5255.56 |
| SENSEX | 16830.78 | 16987.23 | 17075.59 | 17232.04 | 17320.40 |

IN FOCUS

HSBC marks \$700 mn to cover potential US penalties: HSBC today said it has set aside USD 700 million for potential penal actions against the bank in the US, where it has found to have had inadequate safeguards against money laundering and terrorist financing activities.

Contingency plan for 320 drought affected ready: The Centre said it has prepared contingency plans for 320 districts where monsoon rains have been poor, amidst fears of a 20 pc shortfall in rains in August-September.

'China's FDI in US set to touch record high this year': Chinese investment, or outbound FDI, in the US reached USD 3.6 billion in the first half of this year and is expected to cross USD 8 billion, according to a study by New York based Rhodium Group.

High inflation may prevent RBI from cutting rates: In view of high inflation and deficient monsoon rainfall, the Reserve Bank may find it difficult to cut the key lending rate to boost the economy as is being demanded by the industry.

Deccan Chronicle hits all-time low; down nearly 10% : Shares of Deccan Chronicle Holdings (DCHL), which owns Deccan Chronicle newspaper, today hit a record low, falling about 10 per cent amid reports of the media firm facing severe financial crisis.

2G row: Russia mulls retaliatory action over Sistema issue: Russia is considering retaliatory action against the Indian government over the Sistema Licence issue. Russian telecom major Sistema holds 56.68% stake in Sistema Shyam Teleservices, whose 21 out of 22 licences were cancelled by the Supreme Court in February on the grounds that the 122 permits issued by the then Telecom Minister A Raja were 'arbitrary and unconstitutional'. The Russian government holds 17.14% stake in SSTL.

Shree Cement fined \$72m by anti-trust regulator: Shree Cement Ltd has been fined USD 72 million by the Competition Commission of India, the anti-trust regulator said in a statement, making it the twelfth cement company to be fined in a crackdown on cartelisation in the industry.

SpiceJet returns to profits in Q1, stock up 16%: Low fare carrier SpiceJet has posted a net profit of Rs 56 crore for the June quarter as against Rs 72 crore loss in the corresponding quarter of previous year.

| | CLOSE | CHNG | % CHNG |
|--------|----------|---------|--------|
| NIFTY | 5199.80 | +99.95 | +1.96 |
| SENSEX | 17143.68 | +304.49 | +1.81 |

| | CLOSE | CHNG | % CHNG |
|------------|----------|--------|--------|
| Nasdaq | 2,945.84 | -12.25 | -0.42 |
| Dow Jones | 13,073.1 | -2.65 | -0.02 |
| Nikkei 225 | 8,679.47 | 44.03 | 0.51 |
| ST Times | 3,023.50 | -9.30 | -0.31 |
| Hang Seng | 19,734.9 | 149.57 | 0.76 |
| FTSE | 5,693.63 | 66.42 | 1.17 |
| CAC | 3,320.71 | 40.52 | 1.22 |
| DAX | 6,774.06 | 84.66 | 1.25 |

| | PURCH | SALE | NET |
|-----|--------|---------|---------|
| FII | 2446.4 | 1517.45 | 928.95 |
| DII | 882.49 | 1116.21 | -233.72 |

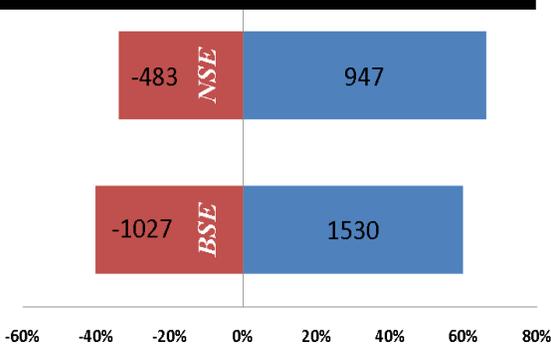
| VOLATILITY | | |
|------------|-------|--------|
| VIX | 16.60 | +0.97% |

| TOP GAINERS | CLOSE | % CNG |
|-------------|----------|-------|
| RELINFRA | 500.5 | 5.54 |
| JPASSOCIAT | 73.50 | 5.23 |
| CAIRN | 333.00 | 5.16 |
| IDFC | 133.55 | 4.54 |
| SBIN | 2,029.00 | 4.53 |

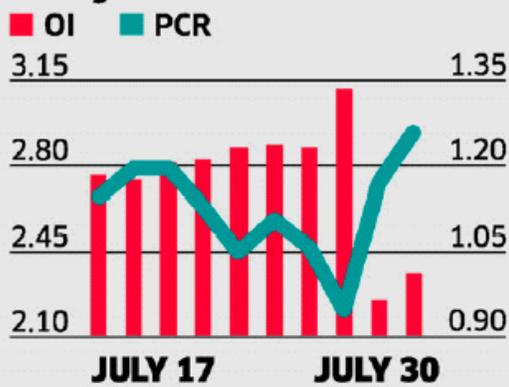
| TOP LOSERS | CLOSE | % CNG |
|------------|--------|-------|
| AMBUJACEM | 179.75 | -1.21 |
| HINDUNILVR | 464.00 | -0.13 |
| HCLTECH | 517.10 | -0.12 |
| ONGC | 277.50 | -0.02 |

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ADVANCES Vs DECLINE



Nifty OI vs PCR



Global Watch

Central banks are expected to act to bolster growth and euro: The euro is expected to strengthen as the biggest central banks appear poised to act to boost economic growth, but thin trading and an upcoming U.S. unemployment report could cause volatility. Traders anticipate some kind of stimulus to emerge from meetings of the European Central Bank and the Federal Reserve.

EU considers haircut on Greek bonds for central banks: EU policymakers are discussing having the European Central Bank and several national central banks take a haircut on Greek bonds.

Schaeuble rejects buying Spanish bonds, concessions for Greece: In a newspaper interview, German Finance Minister Wolfgang Schaeuble dismissed speculation about eurozone purchases of Spanish bonds or additional concessions to help Greece.

Evidence signals wider Libor manipulation; FSA to fast-track review: In addition to Barclays, Royal Bank of Scotland and UBS might have been deeply involved in manipulating the London Interbank Offered Rate, according to court documents and sources. "RBS is one of the banks tied up in Libor," CEO Stephen Hester said. "We'll have our day in that particular spotlight as well." Other information suggests manipulation began in earnest in 2005. U.K. Chancellor George Osborne instructed the Financial Services Authority to fast-track a review of the matter and report its findings by the end of September.

Berkshire Bank files Libor class-action lawsuit in U.S.: Berkshire Bank, which has branches in New York and New Jersey, filed a proposed class-action lawsuit claiming that manipulation of the London Interbank Offered Rate affected "tens, if not hundreds, of billions of dollars" in loans originated or traded in New York. The lawsuit, filed in U.S. District Court, names as defendants 16 banks that managed Libor between August 2007 and May 2010. The action could set a pattern for Libor lawsuits nationwide, experts said.

Americans see higher gas prices for the first time in 14 weeks: U.S. gasoline wholesalers are passing along the rising cost of crude oil, increasing prices at the pump for the first time since April. The national average for self-serve, regular gas was \$3.51 on Friday, compared with \$3.41 two weeks before, according to the Lundberg Survey.

U.S. overestimated corporate profit from 2009 to 2011: Pretax profit of U.S. corporations between 2009 and 2011 totaled \$233 billion less than originally estimated, the Commerce Department said. Profit increased 7.3% in 2011, not 7.9%, the department said.

Banks lobby for extension of unlimited deposit insurance: Banks called on the U.S. Congress to extend the Transaction Account Guarantee program, which insures any checking-account balance more than the \$250,000 insurance provided by the Federal Deposit Insurance Corp. Unless Congress acts, the program will expire Dec. 31.

Bill for financial advisers' SRO goes on back burner: U.S. Rep. Spencer Bachus suspended indefinitely all action on a bill to place financial advisers under the supervision of one or more self-regulatory organizations. "Everyone agrees there is a serious problem," Bachus said. "Unfortunately, there is no consensus on how to fix it. No bill, including the bipartisan bill I offered, will move forward in the committee unless and until there is a consensus."

China eases restrictions on foreign investment: The China Securities Regulatory Commission relaxed restrictions on foreign investors. The regulator said participants of the Qualified Foreign Institutional Investor program can own a stake of as much as 30% in any company listed in Chinese. The previous limit was 20%.

FSA sees reports of suspicious trades double after warning: After being warned that the Financial Services Authority will conduct compliance spot checks, U.K. brokers and bankers have doubled reporting of suspicious trades.

| Currency | PRICE | % CNG |
|----------|--------|-------|
| INR/USD | 55.49 | +0.43 |
| INR/EUR | 68.01 | -0.11 |
| INR/GBP | 87.14 | +0.17 |
| INR/JPY | 0.7096 | +0.84 |

MARKET

PE

| | | |
|--|----------------------|-------|
| | INDIA(SENSEX) | 13.89 |
| | USA(DOW JONES) | 13.80 |
| | UK(FTSE 100) | 10.99 |
| | CHINA(SSEA) | 11.35 |
| | BRAZIL(BOVESPA) | 8.89 |
| | RUSSIA(MCX) | 4.65 |
| | FRANCE(CAC40) | 10.11 |
| | HONG KONG(HANG SANG) | 9.35 |
| | SOUTH KOREA(KOSPI) | 9.69 |

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