

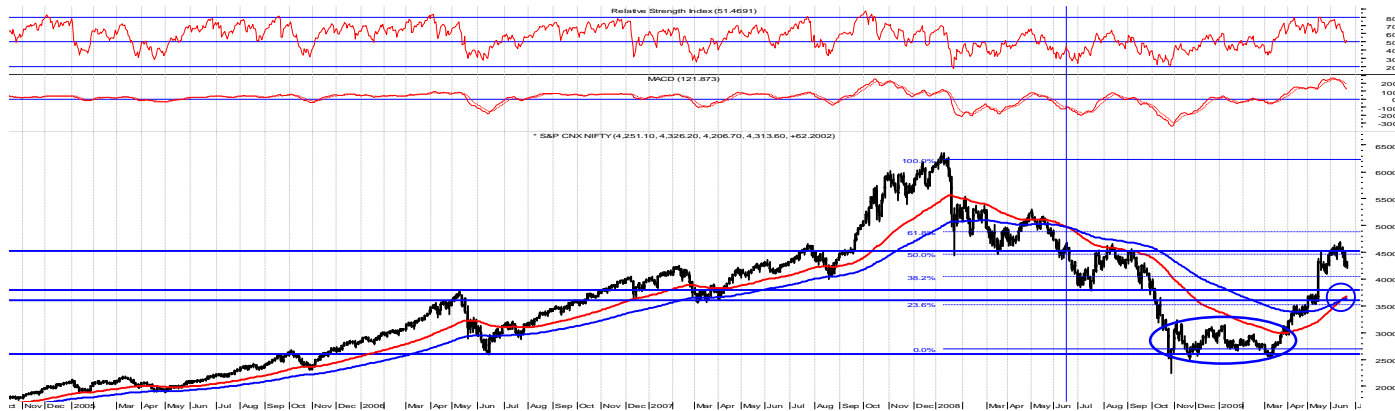


# GUINNESS

Redefining Services

## MARKET THIS WEEK

DATE: 22.06.2009



|              | CLOSING(THIS WEEK) | 100 DEMA | 200 DEMA | 200 DSMA | TURNING POINT | RESISTANCE | SUPPORT |
|--------------|--------------------|----------|----------|----------|---------------|------------|---------|
| SENSEX       | 14522              | 12084    | 11997    | 11076    | 14620         | 15680      | 13480   |
| NIFTY        | 4314               | 3682     | 3640     | 3370     | 4374          | 4620       | 4000    |
| BANK NIFTY   | 7224               | 5697     | 5556     | 5160     | 7200          | 7880       | 6630    |
| CNX IT       | 3463               | 2838     | 2908     | 2701     | 3440          | 3640       | 3360    |
| NIFTY JUNIOR | 7669               | 5893     | 5821     | 5204     | 7740          | 8000       | 7500    |
| CNX 500      | 3459               | 2889     | 2865     | 2626     | 3520          | 3750       | 3200    |

Consolidation is likely to continue after profit booking halted a stupendous fourteen weeks unabated rally on the bourses. Foreign institutional investors (FII) were the key drivers of the recent solid surge. After being heavy net sellers of Rs 4250.30 crore in January 2009 and to the tune of Rs 2707 crore in February 2009, foreign fund selling eased in March 2009, when they turned net sellers of only Rs 1.1 crore. Their buying gathered steam in April 2009 when they pumped Rs 7384.50 crore. They continued their buying spree in May 2009 pouring Rs 20,606.80 in equities. FII inflow in June 2009 totaled Rs 4,962.40 crore (till 17 June 2009) with their inflow in calendar year 2009 at Rs 26,281.80 crore. Volatility may rise in the coming week as derivatives contracts for June 2009 series expire on Thursday, 25 June 2009. Meanwhile, the NSE will adopt the free-float market capitalisation method to calculate its benchmark indices from 26 June 2009 from the existing full-float method. As a result, volatility may swell, as fund managers will realign their index funds portfolios to mirror changes in the benchmark. Weights of public sector undertakings - ONGC, NTPC, Sail, Power Grid Corporation and National Aluminum Company will come down by at least 50% with the index going free float. Other stocks that will see a drop in weightage to this change in methodology include Bharti Airtel, Reliance Communications, Tata Consultancy Services, DLF and Wipro. However, Infosys Technologies, ICICI Bank, Larsen and Toubro, HDFC and HDFC Bank will stand to gain from this change as their weights will almost double from their current levels. Under the free-float market capitalisation method, weights are assigned on the basis of floating stocks or open market shares of a company. The US Federal Reserve's two-day monetary policy meeting on Tuesday, 23 June 2009 and Wednesday, 24 June 2009 is the global event to watch out for in the forthcoming week. While the Fed meet not expected to result in any immediate changes to its loose monetary policy the market will examine the post-meeting statement for clues as to how long the interest rates will remain at the current near zero. Meanwhile annual monsoon rains are seen reviving around 20 June 2009, reports quoting an unnamed official at India Meteorological Department (IMD) indicated on 18 June 2009. Monsoon rains for the week ended 10 June 2009 was 37% below normal as the progress of the annual rains, crucial to the farm sector, stalled after an early start, IMD said. Annual monsoon rains between June and September hit the southern coast on 23 May 2009, ahead of normal date of 1 June 2009, but then weakened in last week of May 2009 and first week of June 2009. The outlook is among the nation's most widely watched indicator as monsoon rains are a major influence on output of key crops, economic activity and also affects sentiment in the country's financial markets.

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