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SATYAM ACCOUNTING SCAM SPOOKS MARKETS; SENSEX SHEDS 5.5%

Key benchmark indices edged lower in a truncated week as investors confidence was shaken by IT major Satyam Computer's mega accounting scandal which came to light on Wednesday, 7 January 2009. Volatility was high throughout the week.

BSE 30-SHARE INDEX AND CNX NIFTY

The BSE 30-share Sensex lost 551.75 points or 5.54% to 9,406.47 in the week ended Friday, 9 January 2009. The S&P CNX Nifty slipped 173.75 points or 5.70% to 2873 in the week.

BSE SMALL & MID CAP INDEX

The BSE Mid-Cap fell 270.39 points or 7.97% to 3,120.79 and the BSE Small-Cap index slipped 314.85 points or 8.13% to in the week. Both these indices underperformed the Sensex.

INFLATION NUMBERS

Inflation has been on a sustained fall since peaking at a 16-year high of 12.91% in the week to 2 August 2008, raising hopes of further softening of interest rates from the Reserve Bank of India. Wholesale Price Index (WPI) based inflation rate fell to a 10-month low of 5.91% in the week ended 27 December 2008 from 6.38% in the previous week, government data released on Friday, 9 January 2009 showed.

FOREX

GBP/\$	1.5246/1.5249	\$/Yen	90.8700/90.8900
EUR/\$	1.3701/1.3704	\$/INR	48.3400/3900

WEEK AHEAD: Q3 DECEMBER 2008 EARNINGS TO DICTATE TREND

The third quarter December 2008 results will dictate the near term trend of the market. The sentiment may remain edgy with investor confidence shattered by a massive over Rs 7000 crore accounting scam at IT major Satyam Computer Services. Satyam's erstwhile chairman B Ramalinga during trading hours on Wednesday, 7 January 2009, admitted that the company's books of accounts were doctored and profits inflated. The accounting scandal in excess of Rs 7000 crore has created shock and awe among the Indian and global investing community. Investors should not get panic with satyam's scam. The Indian market is still the most trusted market in the world.