

Date : December 12, 2009

Ref. No. Port/WN/349/081/2009

MARKET REMAINED VOLATILE

Key indices were little changed last week as every rise was seen as an opportunity to book profits. The Reserve Bank of India (RBI) governor D Subbarao's comments on capital inflows perked investor sentiments. However, fear of rising inflation stopped investors from building large positions.

BSE 30-SHARE INDEX AND CNX NIFTY

The BSE 30-share Sensex rose 17.49 points or 0.10% to 17,119.03 in the week ended 11 December 2009. The S&P CNX Nifty rose 8.40 points or 0.20% to 5117.30.

BSE SMALL & MID CAP INDEX

The BSE Mid-Cap index underperformed the Sensex, falling 0.40% to 6,574.49, while the BSE Small-cap index outperformed the Sensex, rising 1.48% to 7,968.65.

FII & DOMESTIC FUND ACTION

Foreign institutional investors have been large buyers in equities over the past few months and have been the main driver of the recent bull rally. They have poured Rs 79,285.50 crore (till 9 December 2009) into Indian market in 2009.

IIP NUMBERS

India's industrial output jumped 10.3% in October 2009 from a year earlier, helped by stimulus measures and robust domestic demand, data released by the government on Friday, 11 December 2009, showed. Manufacturing production rose 11.1% in October 2009 from a decline of 0.6% a year earlier. September's annual industrial growth rate was revised upward to 9.6% from 9.1% previously. Industrial output rose 2.6% in the 2008/09 fiscal year (April-March), slower than 8.5% in 2007/08.

FOREX

GBP/\$	1.6294/1.6296	\$/Yen	88.9200/88.9600
EUR/\$	1.4763/1.4765	\$/INR	46.5350/5450

WEEK AHEAD: STOCK-SPECIFIC ACTION LIKELY

Stocks-specific activity will hog the limelight next week, with investors reacting to corporate advance tax payments data. The last date for payment of the third instalment of advance tax is Tuesday, 15 December 2009. Advance tax is paid in four instalments in June, September, December and March, and is based on taxpayers' projected income, giving an indication of industry's performance in coming months.

Even though some stocks may see action based on advance tax data, the broader market, however, is likely to consolidate at the current levels. Though a correction looks possible with the market having run up quite sharply from the dismal levels seen in early March this year, chances of a sustained fall is unlikely as buying may emerge as and when the market falls. Volume may be low as the holiday season kicks off in the West.