Rs.5/-

KARVY BAZAAR BAATEIN

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A Research Product of Karvy The Finapolis

15 June 2009 to 21 June 2009 Volume 3 : Issue 11

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NSE
52 Wk H/L : 4688.95/2252.75
Mcap : Rs46,72,962 cr.
BSE
52 Wk H/L : 15789.62/7697.39

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by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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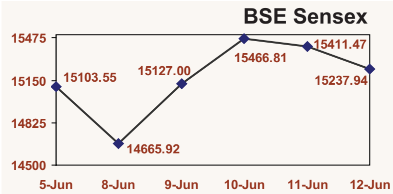
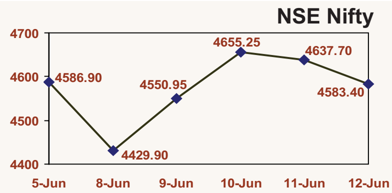


15237.94
↑ 0.89%



4583.40
↓ 0.08%

Increased volatility in the wake of the budget…

Domestic markets witnessed profit-booking during the week, prompting the benchmark NSE Nifty to close at 4583 levels on Friday, a marginal decline of 0.08% W/W. Despite the profit-booking, there was robust buying visible at every dip which provided a strong support for the Index. Meanwhile, the BSE Sensex once again—for the fourteenth consecutive week since the lows on March 9—closed in the green, at 15238 levels, a marginal W/W percentage gain. Accordingly, since early March, the BSE Sensex has skyrocketed nearly 90%, making it the best performing stock market in the world.

Clearly, the dynamics have changed for the market post the elections, with a stable and pro-reform government coming to the centre. It was not too long ago when there was a general feeling of doom and gloom prevailing in the market, with some voices predicting 6000 levels for the Sensex. Instead, the stock market raced northwards on the back of better-than-expected economic data emanating from the US, a fairly good set of Q4 numbers from India Inc., and the huge impact of the election results.

The last factor seemed to change everything in an instant, as India's high levels of political risk was largely neutralized. Despite the sharp run-up in the markets since then, FIIs continue to be gung-ho about the Indian markets in the long-term. In the near-term, however, considering the strong rise, a certain level of caution has crept into the markets, but with a positive bias in the wake of the keenly-waited Budget. We expect increased volatility in the near term.

Last week, we saw significant gains in metals & mining stocks and the technology majors—IT stocks had underperformed the market post the elections. On the other hand, profit-booking was seen in BFSI and construction stocks, which have largely outperformed in the last few months. Meanwhile, the index of industrial production (IIP) rose 1.4% in April, from the revised figure of –0.75% in March.

KBB weekly recommendations for the week beginning 15th June.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Tata Steel	Buy	457.75	452-455	445.10	488-490	5-6 Days
GMR Infra	Buy	159.45	156-158	152.00	170-172	5-6 Days
Bharti Airtel	Buy	828.15	820-825	800.00	892-895	5-6 Days
Bajaj Hind	Buy	221.55	220-222	214.80	242-245	5-6 Days
Dhanlakshmi Bank	Buy	102.10	100-102	94.00	119-120	8-10 Days

Disclaimer: The above recommendations are purely based on technical analysis. Hence, the stop loss should be strictly adhered to.

KBB weekly performance monitor

Scrip	Action	Entry	SL	Target	Shares(#)	P/L	Return	Remark
RNRL	Buy	88-90	84.90	98-100	1557	-6,385.54	-4.61%	SLT
Sesa Goa	Buy	153-155	148.90	167-170	900	14,401.35	10.39%	TA
Power Grid	Buy	122-123	118.90	128-130	1132	-4,073.52	-2.94%	SLT
Sun TV	Buy	262-263	257.10	280-282	528	-2,851.47	-2.06%	SLT
ACC	Buy	865-867	850.00	900-902	160	-2,560.98	-1.85%	SLT
Total						-1,470.16		

Balance on inception (26- Jan- 09)	Balance last week (05-June-09)	Balance current week (12-June-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,93,063	6,91,593	(0.21)	38.32

TA - Target achieved; SLT - Stop loss triggered; CMP - Closing price as on last trading day; NI - Not initiated; # No. of Shares; SL - Stop Loss; P/L - Profit/Loss

Technical view

M&M **CMP: 783.80**

M&M outperformed the broader market as the surge in the stock was quite significant. It surged spectacularly on the back of increasing volumes. The stock climbed above all the moving averages and continuously found support around the 8-day EMA, which is a positive takeaway in the near term. The recently announced sales figures were significant, boosting sentiments in the entire sector. The stock broke past the 720 levels and surged to a high of 827 levels last week. The 14-day RSI is currently hovering in the overbought territory, signalling a touch of caution. The stock may witness profit-taking from the highs of 850 levels. It has an immediate support placed around 720-750 levels which needs to be observed closely. The RSI trigger line would find support around the 60 levels of the scale. The money flow index is also hovering around the 70 levels and is yet to enter the overbought territory. Investors are advised to assume long positions in the stock in the range of 720-750 levels for a short-term target of 850 and 920 levels. All long positions in the stock should be protected with a stop loss below 690 levels on a closing basis.

Reliance **CMP: 2362.10**

Reliance moved significantly in the last couple of months, and being a heavyweight, the stock moved in-line with the broader index. Lately, it was the prime contributor to the index rally. Following the gap-up opening last month, the stock has been consolidating within a broad range. It held its neck above the 8-day EMA, which would act as a strong support in the near term. The 14-day RSI has found support at 60 levels of the scale and is entering the overbought territory, which will indicate a hint of caution. Hence, the stock may witness some cool-off due to profit-taking which can be taken as an opportunity to enter around the lower supports of 2100 levels. Investors are advised to assume long positions in the stock within the range of 2300-2350 levels and average the same, if available, at 2050-2100 levels for a short-term target of 2500 and 2650 levels. All long positions in the stock should be protected with a stop loss placed below 2020 levels on a closing basis.

HDFC Bank **CMP: 1528.15**

HDFC Bank was on a rising trend in the last couple of months before it registered a low of about 770 levels. Thereon, the stock staged a significant rally and broke past the 1300 levels, witnessing strong momentum moves. The 14-day RSI is in the overbought territory, but the movement still appears to be northwards. On the RSI scale, the stock could move up to 80 and 85 levels. A sustained move close to this level would induce profit-taking in the stock. It has an immediate resistance around 1630 levels beyond which the stock could move up to 1800 levels in the short term. Investors are advised to assume long positions in the stock in the range of 1500-1520 levels for an upside target of 1650 and 1800 levels over the short term. All long positions in the stock should be protected with a stop loss below 1450 levels on a closing basis.

- Kalyan C. Reddy

Sector update

Cement Sector Update

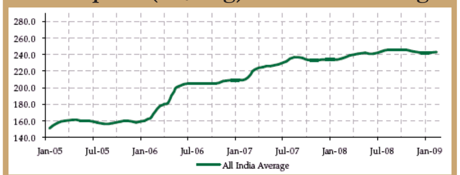
Cement despatch growth of 10.7%: The cement industry has continued with its momentum and reported robust growth in despatches by 10.7%, to 16.45 mn tonnes during May 2009, mainly due to completion of projects before the monsoon. The northern region has reported a robust growth in despatches by 26% and the central region has shown a growth of 11%. However, the growth rate of 4% in the southern region has suppressed the average demand growth to 10.7%. In our cement universe, Shree Cement and Grasim have shown a despatch growth of 32.1% and 22.7%, respectively, driven by the commercialization of new plants. We believe that demand growth would be re-rated from earlier expectations of 7.5% to 9.2% for FY10 due to infrastructure thrust by a stable government and increasing focus towards low cost housing and rural demand.

Marginal increase in cement price in the northern region: During May 2009, most of the regions displayed stable price realization—except the northern and eastern region where the price has gone up by around Rs2-3 per bag, mainly driven by robust demand in these regions. Going forward, we expect cement prices to fall Q4FY10 due to commercial production of incremental supply which would be higher than our revised demand.

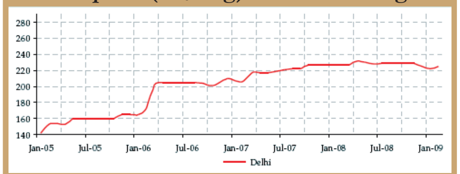
Cautious outlook: We believe the incremental capacity in the cement industry would lead to lower capacity utilization and subsequent pressure on cement prices. Moreover, cement stocks have run up by more than 100% in the last six months, driven by robust despatch growth, easing cost pressures and increase in cement prices coupled with attractive valuations. We maintain our 'Underperformer' rating for the sector due to the expected decline in cement price, decline in capacity utilization and stretched valuations.

Coverage performance	May'08	Apr'09	May'09	%YoY	%MoM
ACC	1.80	1.77	1.82	1.1	2.8
Ambuja Cement	1.51	1.64	1.64	8.6	-
Grasim Industries	1.32	1.58	1.62	22.7	2.5
UltraTech Cement	1.32	1.58	1.53	15.9	(3.2)
India Cement Ltd.	0.77	0.78	0.80	3.9	2.6
Shree Cement Ltd.	0.56	0.79	0.74	32.1	(6.3)
All India despatch	14.86	16.65	16.45	10.7	(1.2)

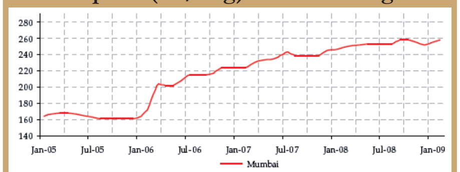
Cement price (Rs/bag) - All India Average



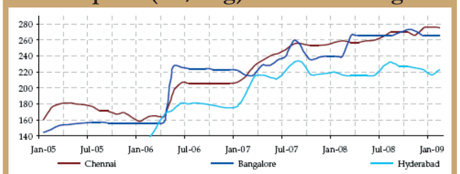
Cement price (Rs/bag) - Northern Region



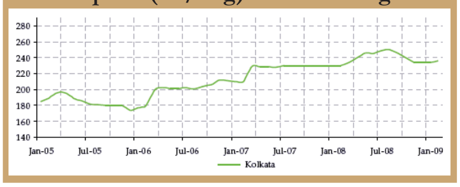
Cement price (Rs/bag) - Western Region



Cement price (Rs/bag) - Southern Region



Cement price (Rs/bag) - Eastern Region



- Karvy Equity Desk

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
Dish TV India	48.96	3974240	Deutsche Secu
Allied Digital	358.6	100000	Black Rock A/c Black Rock India Eq
Vardhman Holdings	170.93	17804	United India Insu
Sell			
Aban Offshore	1235.39	200000	Citigroup Global Mkts Mauritius
GlaxoSmithKline	940.00	808955	ICICI Prudential Life Insurance
Prithvi Information	76.03	132012	Copthall Mauritius Investment
CHI Investments	40.52	125965	Merrill Lynch Capital Markets

Top Gainers (Weekly)

Company	12-June	05-June	%Change
HCL	196.80	174.95	12.49
M&M	783.80	709.90	10.41
Tata Power	1177.80	1080.70	8.98
Hindalco	100.80	92.95	8.45
HDFC Bank	1528.15	1418.60	7.72
Cipla	251.05	233.95	7.31
ABB	759.80	708.95	7.17
Sterlite	720.00	672.35	7.09
Reliance	2362.10	2212.75	6.75
TCS	764.55	721.35	5.99

Top Losers (Weekly)

Company	12-June	05-June	%Change
BPCL	416.65	472.20	-11.76
Unitech	86.45	97.80	-11.61
SBI	1634.60	1817.65	-10.07
DLF	367.80	408.00	-9.85
PNB	593.00	654.25	-9.36
Suzlon	118.85	131.00	-9.27
Tata Motors	357.25	389.20	-8.21
GAIL	287.45	306.45	-6.20
HDFC	2282.15	2425.70	-5.92
Cairn India	244.30	259.05	-5.69

	FII Invt (Rs.cr)		MF (Rs.cr)	
Date	Purchases	Sales	Purchases	Sales
8-Jun-09	4550.60	3133.20	566.90	1479.30
9-Jun-09	2694.10	2399.20	1092.80	772.50
10-Jun-09	3815.30	2824.60	1940.60	997.80
11-Jun-09	3851.50	3133.80	1435.30	1136.60
12-Jun-09	3581.80	2588.70	-	-
Total	**18493.30**	**14079.50**	**5035.60**	**4386.20**

Corporate Actions

Company	Date	Purpose
SCI	15-06-2009	Audited Accounts and Divi
Power Grid	16-06-2009	Audited Financial Results/ Divi
Zee News	18-06-2009	Audited Financial Results/ Divi
DCB	19-06-2009	Audited Financial Results
Neyveli Lig	20-06-2009	Annual Accounts and Divdend

(Compiled by Krishna Veni M.)

Fundamental view

Bank of India (Rs315)

We have introduced our FY11 estimates for Bank of India (BoI) and revised our target price to Rs247 from Rs237 (increase of 4.2%) based on these estimates. We have assumed a business growth of 23% Y/Y in FY11 and a reduction in net interest margin by 14 bps Y/Y to 2.3% compared to 2.82% in FY09 and 2.42% in FY10. Moreover, we have estimated NII and bottom-line to grow by 15% and 18% Y/Y, respectively. However, the bank is expected to record an RoAE of 20.4% in FY11 against 30.4% in FY09 and 21% in FY10. On the non-performing assets front, we expect gross slippages at 1.82% (percentage to average gross advances) compared to 1.62% in FY08, while we expect gross NPAs to grow by 63% CAGR (FY08-11E) to Rs65.3 bn (3.02% of gross advances). We also expect restructured assets to grow by 44% CAGR (FY08-11E) to Rs116 bn. We have adjusted our gross book value for net NPA and restructured assets.

Business growth to remain healthy: We expect BoI's total business to grow by 23% Y/Y in FY11. We further expect deposits and advances to grow by 22.2% Y/Y and 23% Y/Y, respectively. In deposits, we assume the CASA share to drift down to 23.3% from 26.8% in FY09 and 24.3% in FY10.

Strain on margin: We expect a decline in net interest margin by 14 bps to 2.3%, due to the expected decline in the CASA share by 100 bps Y/Y, to 23.3%, and a decrease in incremental credit-deposit ratio to 78.7% from 80% in FY10. Moreover, the expected decline in the CASA share is likely to increase the cost of deposits by 35 bps to 6.35%. Meanwhile, the yield on advances would be under pressure due to prudent and qualitative growth in advances and re-pricing of advances at lower rates. However, standardization of PLR determination for the banking industry could enhance the yield on advances going forward.

Fee income growth would be healthy: We expect BoI to record a fee income growth of 22% Y/Y in FY11 assuming better economic activity and further expansion of the bank's franchise.

Increase in gross NPA and credit cost would be critical: We expect gross slippages at 1.82% (percentage to average gross advances) as compared to 1.62% in FY08. Moreover, we expect gross NPAs to grow by 63% CAGR (FY08-11) to Rs65.3 bn (3.02% of gross advances) and expect restructured assets to grow by 44% CAGR (FY08-11) to Rs116 bn. We have increased our credit cost estimates from 0.48% (percentage to average gross advances) to 0.51% in FY11. We have increased our target price to Rs247 from Rs237 (increase of 4.2%) based on FY11 estimates and downgraded our rating to 'Underperformer'.

Bank of India		(Rs Mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/ Reuters Code	BOI IN/ BOI.BO	Total Net Income	50,034	63,462	85,508	85,848	97,779
Market Cap (Rs. Bn)	176.7	Profit before provisions	23,950	37,012	54,568	50,413	58,329
Market Cap US$ bn	3.7	NIM (%)	2.79	2.72	2.82	2.42	2.29
52-week range	355/180	Net Profit	11,232	20,094	30,073	25,955	30,577
Shares in issue	525.9	EPS (Rs)	23.0	40.8	57.2	49.4	58.1
FII limit	20.0	EPS Growth (%)	60.1	77.5	40.1	(13.7)	17.8
		P/E (x)	14.6	8.2	5.9	6.8	5.8
		Price/Book Value (x)	3.0	2.0	1.6	1.3	1.1
Major Shareholder (%)		Price/Adjusted Book Value (x)	3.4	2.3	2.7	2.6	2.6
Promoters	64.5	Dividend Yield (%)	1.0	1.2	2.4	2.1	2.5
Banks/FIs/MFs	12.8	Cost-to-income (%)	52.1	41.7	36.2	41.3	40.3
Pvt. Corp. Bodies	1.2	ROA (%)	0.88	1.25	1.49	1.05	1.02
Public	6.6	ROE (%)	22.3	28.5	30.4	20.8	20.4
FIIs/NRIs/OCBs	14.9	Tier-1 Capital (%)	6.5	7.7	8.9	7.8	7.6

Source: Company and KSBL Research

- Karvy Equity Desk

Mutual Fund performance

Equity Diversified

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
IDFC Premier Equity-A(G)	19.80	-0.10	28.83	-
Reliance Reg Savings-Equity(G)	22.26	7.85	28.59	-
DBS Chola Opportunities(G)	35.21	0.72	24.80	28.35
IDFC Premier Equity-A(D)	17.77	-10.33	24.29	-
Sahara Growth(G)	68.67	17.34	23.31	30.86
Birla SL Frontline Equity(G)	65.48	11.93	23.28	30.32
DSPBR Top 100 Equity(G)	75.63	7.47	22.91	31.31
Baroda Pioneer Growth(G)	41.68	4.86	22.24	30.23
HDFC Top 200(G)	146.41	13.53	22.11	32.43
Baroda Pioneer Growth(D)	26.28	4.87	21.72	18.78

ELSS

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Taurus Tax Shield(G)	27.75	8.70	25.93	25.98
Sundaram BNPP Tax Saver(G)	35.45	9.65	21.67	-
Sahara Tax Gain(G)	27.00	15.84	19.00	-15.27
Fidelity Tax Advantage(G)	14.61	4.15	18.16	-
Taurus Tax Shield(D)	22.44	-12.10	17.34	20.74
Franklin India Taxshield(G)	148.21	3.98	14.47	26.00
Tata Tax Advantage-1	11.96	1.52	14.03	-
Fidelity Tax Advantage(D)	13.12	4.15	14.00	-
Kotak Tax Saver(G)	14.15	-7.69	12.88	-
Reliance Tax Saver (ELSS)(G)	14.65	7.35	12.60	-

Income Funds

Scheme Name	NAV (Rs)	3 Mths	1 Year	3 Yrs
Canara Robeco Income(G)	18.89	4.36	30.57	13.95
ICICI Pru Income-Inst(G)	30.07	5.32	22.69	12.61
ICICI Pru Income-Ret(G)	29.01	5.34	22.38	12.09
Kotak Twin Advantage II(D)	13.35	21.71	20.52	-
Kotak Twin Advantage II(G)	13.35	21.71	20.52	-
Canara Robeco Income(B)	15.86	-0.56	19.69	10.70
Fortis Flexi Debt-Reg(G)	15.30	5.60	19.32	12.39
Canara Robeco Income(QD)	15.62	-0.63	18.89	10.41
Kotak Bond-Reg(B)	16.91	3.99	17.27	10.98
Kotak Bond-Reg(AD)	16.95	3.99	17.27	10.98

Gilt Funds

Scheme Name	NAV (Rs)	3 Mths	1 Year	3 Yrs
ICICI Pru Gilt-Invest-PF	17.95	7.45	39.04	17.52
JM G-Sec-Reg(G)	28.85	3.52	31.11	11.91
JM G-Sec-Reg(D)	13.79	3.52	31.09	10.89
JM G-Sec-Reg(B)	14.03	3.52	31.06	11.35
Escorts Gilt(G)	20.18	2.25	29.83	11.84
Escorts Gilt(D)	18.42	2.25	29.49	11.75
ICICI Pru Gilt-Invest(G)	31.48	5.48	29.29	14.25
DSPBR GSF-Longer Dur(G)	31.10	0.86	25.17	11.92
Templeton India G-Sec-LTP(G)	22.61	0.91	23.67	12.80
Birla SL Govt Sec-LT(G)	24.53	9.99	23.00	8.70

Balanced

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Principal Child Benefit-Career Builder	70.06	-6.45	20.44	23.59
Principal Child Benefit-FutureGuard	69.04	-6.55	20.37	23.57
Birla SL '95(G)	229.77	15.52	18.27	24.80
DSPBR Balanced(G)	49.17	5.12	18.00	23.12
HDFC Prudence(G)	136.96	12.09	17.40	25.93
FT India Balanced(G)	40.32	9.19	17.17	21.40
Tata Balanced(G)	60.80	6.64	16.57	24.25
Birla SL '95(D)	100.66	15.53	16.19	21.46
Magnum Balanced(G)	41.82	8.37	14.98	-
Templeton Ind Children's Asset-Gift(D)	36.03	9.53	14.60	12.99

MIP

Scheme Name	NAV (Rs)	1 Mth	3 Mths	1 Year
Reliance MIP(G)	18.00	4.12	17.49	25.51
Reliance Reg Savings-Balanced(G)	16.27	24.94	74.64	20.50
Birla SL MIP II-Savings 5(G)	15.69	1.87	6.14	20.17
Birla SL MIP II-Savings 5(Payment)	15.69	1.87	6.14	20.17
Canara Robeco CIGO(I)	14.01	7.27	16.75	20.05
Canara Robeco CIGO(G)	25.86	7.30	16.80	19.72
Reliance MIP(QD)	12.99	4.13	16.68	19.02
Sahara Classic(G)	12.14	0.84	2.48	17.12
Sahara Classic(D)	12.14	0.84	2.48	17.12
HDFC MIP-LTP(G)	18.72	8.56	23.15	16.85

Short-term Debt

Scheme Name	NAV (Rs)	3 Mths	1 Year	3 Yrs
Sundaram BNPP Flexible-ST-Inst(G)	13.91	2.87	9.91	8.61
HDFC FRF-LT(G)	15.06	2.65	10.12	8.53
Sundaram BNPP Flexible-FIP-Inst(MD)	10.53	2.32	2.48	1.00
Escorts FRF(G)	12.86	2.30	9.79	7.93
Escorts FRF(D)	12.86	2.28	9.77	7.93
Sundaram BNPP Flexible-FIP-Inst(G)	15.66	2.27	8.37	13.34
Sundaram BNPP Flexible-FIP-Reg(AD)	10.73	2.09	4.11	-0.01
Sundaram BNPP Flexible-FIP-Reg(G)	13.30	2.07	7.92	7.35
Sundaram BNPP Flexible-FIP-Reg(HD)	10.83	2.07	4.14	1.04
ICICI Pru LT FRF-B(G)	13.85	2.05	8.09	7.94

Liquid Funds

Scheme Name	NAV (Rs)	1 Mth	3 Mths	1 Year
Escorts Liquid Plan(MD)	12.86	0.80	1.47	6.47
Escorts Liquid Plan(G)	13.28	0.79	2.45	9.95
Sahara ST Bond(D)	10.13	0.71	-	-
Sahara ST Bond(G)	10.13	0.71	-	-
Birla SL Medium Term-Inst(G)	10.16	0.63	-	-
Birla SL Medium Term-Inst(QD)	10.16	0.63	-	-
Birla SL Medium Term-Reg(G)	10.16	0.63	-	-
Birla SL Medium Term-Reg(QD)	10.16	0.63	-	-
JM Money Mgr-Super(G)	12.39	0.60	1.91	9.46
Sahara Liquid-Variable Pricing(G)	1614.05	0.60	1.89	9.09

Source: Acemf Note: All NAV as of June 11, 2009

(Compiled by Pradeep Kumar S)

Commodities review

Precious metals review

Bullion: Bullion prices displayed a mixed trend last week due to the absence of fresh triggers on the economic front. Gold prices tracked the movement in the dollar index, which measures the performance of the US dollar against six major currencies. In the initial part of the week, the release of German Industrial Production Data, which dropped 1.9% against an anticipated 3% increase, pressurised the euro against the US dollar, thereby leading to weakness in bullion prices. However, in the latter part of the week, the US dollar weakened against the euro following speculation that Bank of Russia might cut investments in the dollar as the US economic outlook still looked uncertain. Moreover, with the market witnessing excess supply of US treasuries, many countries like China, India, Brazil and Russia plan to reduce exposure in this paper.

Gold prices remained range-bound with a downward bias during the week due to release of better-than-expected economic data from the US. However, the widening trade deficit for the month of April, to $29.2 billion compared to $27.6 billion, failed to support prices. Among major economic releases during the week, Advance Retail Sales for May increased by 0.5% from last month's decline of 0.2% while Initial Jobless Claims declined to 6,01,000 compared to the previous figure of 6,25,000. This week, we expect bullion prices to trade on a positive note. The active August contract gold futures on COMEX is likely to trade in a range of $935-992 per troy one while the July contract silver futures is expected to trade in the range of $14.55-16 per troy ounce.

Energy review

Crude oil: Crude oil staged a strong rally on news of a decline in stockpiles and due to the bullish demand outlook. The recovery in the US economy—indicated by better-than-expected data releases—lent support to the market. The NYMEX July crude oil futures posted a sharp rally to near its eight-and-a-half-month high after the US' weekly inventory declined against an expected rise. According to the DOE, the crude oil stocks fell by 43,82,000 barrels compared to an expected rise of 1,00,000 barrels. Moreover, gasoline and distillates declined by 15,53,000 barrels and 3,18,000 barrels, respectively. As the US summer driving season approaches, it is anticipated that demand from the world's largest consumer may improve. This week, we expect crude oil prices to trade higher due to a bullish demand outlook. The active July contract crude oil futures on the NYMEX is expected to trade in the range of $67-75 per barrel.

Base metals review

Base metals prices surged last week owing to a falling dollar index and rising equity market. Copper prices on the LME have risen by 10% so far in June and 7.95% last week following the release of better-than-expected economic data from the US. Among metals, zinc was the top performer, gaining 9.90%, followed by lead and nickel at 8.66% and 8.22%, respectively. Aluminium prices gained 7.76% despite accumulation of inventory by 35,550 tonnes. The fall in the dollar index has resulted in a price rally, thereby boosting the appeal for base metals as an alternative asset class.

On the industrial front, International Aluminium Institute pegged the total aluminium inventories held by producers at 2.9 million tonnes while the LME, COMEX and Shanghai Futures Exchange together hold 7 million tonnes. Moreover, prices gained as the Chinese Iron & Steel Association objected to a deal between Rio Tinto Group and BHP Billiton Ltd. to combine iron-ore assets in West Australia, considering it to be against public interest. Moreover, aluminium producers' plan to increase fees charged to Japanese buyers due to rising demand and reduced supply supported aluminium prices to trade higher during the week.

Among major economic releases, the Chinese vehicle purchases aggregated 1.12 million in May, up 34% over the previous figure, while the US Advance Retail Sales came as per expectations at 0.5% and Initial Jobless Claims declined to 6,01,000 against the previous figure of 6,21,000. Although the US unemployment rate surged to 9.4% against the previous data of 9.2%, the US Department of Labour indicated that the country had lost fewer jobs than forecast in May. The US payroll fell by 3,45,000 in May against 5,04,000 losses in April. This week, we expect the base metal complex to trade sideways with a positive bias amid positive outlook for equities.

- Commodities Research Desk

MahaLife Gold

MahaLife Gold is a whole life assurance policy from Tata AIG Life Insurance Company.

Unique features

Limited premium payment: The premium is payable for the first 15 years of the policy. The life insurance cover is, however, available until 100 years of age.

Guaranteed annual payment: The policy provides guaranteed annual cash payment from the 10th policy anniversary. This payment is equal to 5% of the value of the sum assured and is payable every year for the rest of the life of the insured.

Annual cash dividends: The policy also provides for annual cash dividends from the 6th policy anniversary onwards. These cash dividends are, however, non-guaranteed and are subject to the business performance of the insurance company.

Premium payable based on age band: The premium payable under this policy is decided as per the age of the applicant and is dependant on the value of the sum assured opted for. The policy premium is payable according to four age bands, which are 0-35 years, 36-45 years, 46-50 years, and 51-55 years. The premium for the ages 56-60 years are at age-specific rates.

Option for reduced paid up value: This option is available when at least three annual premiums have been paid and when the policyholder is unable to pay any further premiums. Under this option, the sum assured value is reduced in proportion to the number of premiums actually paid to the total number of premiums payable. The policy will continue normally but with a reduced sum assured value. On maturity or in the unfortunate event of death, the policy will provide the value of the reduced sum assured. The guaranteed annual payments and non-guaranteed annual cash dividends will cease on conversion of the policy into a reduced paid-up.

Automatic premium loan facility: The policy provides an automatic premium loan facility. Here, if the policyholder is unable to pay the premium within the grace period, the premium due then will be advanced as an automatic loan. This facility is available if the policy has acquired the cash value and this cash value is greater than the premium in default and any indebtedness.

Policy benefits

The sum assured under the policy is available either on maturity of policy, at 100 years of age, or in the event of death prior to expiry of the policy. However, in case of death of the life assured before attaining 4 years of age, the amount payable will be as per the below table:

Age at the time of death	Amount payable (Rs)
0 years	20% of sum assured
1 year	40% of sum assured
2 years	60% of sum assured
3 years	80% of sum assured

Eligibility parameters

Age at entry: Minimum – 0 years; maximum – 60 years

Premium payment: Premium amount is decided on the age of the life insured (age at entry) and is dependant on the coverage chosen. The policy provides for premium payment according to four age bands—0-35 years, 36-45 years, 46-50 years, and 51-55 years. The premium for the ages 56-60 years are at age-specific rates.

Premium payment frequency: Annual, semi-annual, quarterly and monthly.

Sum assured: Minimum – Rs.25,000; maximum – subject to underwriting guidelines.

Riders available

The policy provides the option of additional covers in form of:

1. Accident Benefit Rider
2. Disability Benefit Rider
3. Critical Illness Benefit Rider
4. Term Rider

The availability of riders is limited in case of life assured being a minor.

Policy surrender

If all premiums have been paid for at least three full years, the policy will acquire a guaranteed surrender value. This value will be equal to 30% of the total premium paid excluding the first year's premium and extra premiums, if any.

Tax benefits

Premiums paid under the policy are eligible for deduction under the provisions of Section 80C of the Income Tax Act, 1961. The policy benefits are exempt from tax under the provisions of Section 10(10D) of the Act.

Assure 10 years / 20 years / 30 years Security & Growth Plan

Assure 10 years / 20 years / 30 years Security & Growth Plan is an endowment assurance policy from Tata AIG Life Insurance Company Ltd. The policy is eligible for participation in the profits of the insurance company.

Unique features

Guaranteed addition: The policy provides a guaranteed addition of 10% of the value of sum assured if the policy has been in force for 10 years. This guaranteed addition will form a part of either the death or the maturity benefit payable under the policy. In other words, the guaranteed addition will be available as a part of the benefit at the time of policy maturity, or earlier in the event of death of the life assured.

Option of reduced paid-up value: The option for reduced paid-up value is available after an initial premium of at least three years has been paid under the policy. If this is opted for, then no further premium is required to be paid by the policyholder. This will result in reduction of the sum assured in the proportion of the number of premiums actually paid to the total number of premiums required to be paid under the policy.

Automatic premium loan: If the policyholder is unable to pay the premium due, then this premium amount will be advanced to the policyholder as a notional loan. This facility is available if the paid-up value of the policy is equal to or greater than the premium in default plus any other indebtedness under the policy.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the value of sum assured will be paid to the nominee and the policy will cease to exist.

Maturity benefit: If the life assured is alive at the end of the policy term, then the sum assured is paid to the policyholder and the policy will cease to exist.

As the policy is participating in the profits of the insurance company, the death benefit or the maturity benefit could also include bonus, which may be announced from time to time depending on the business performance of the insurance company.

Eligibility parameters

Age at entry: Minimum – 18 years; maximum – 65 years / 55 years / 45 years depending on the chosen policy term of 10 years / 20 years / 30 years, respectively.

Maximum age at maturity: 75 years

Value of sum assured: Minimum – Rs.25,000; maximum – no limit, subject to underwriting guidelines and decisions

Policy term options: 10 years, 20 years or 30 years

Premium frequency options: Annual, semi-annual, quarterly or monthly

Guaranteed surrender value

The policy provides a guaranteed surrender value which will be equal to 30% of the value of all premiums paid under the policy, excluding the first-year premium and any additional premiums paid. This value is available only if the premium of at least three years has been paid under the policy.

Riders available

The usual riders are available under this policy. These are:

1. Term Benefit Rider
2. Accident Benefit Rider
3. Disability Benefit Rider
4. Critical Illness Benefit Rider

Tax benefits

Premium paid under the policy is eligible for deduction under the provisions of Section 80C of the Income Tax Act, 1961. The benefits received under the policy are exempt from tax under the provisions of Section 10(10D) of the Act.

- Atul Stanley Hermit

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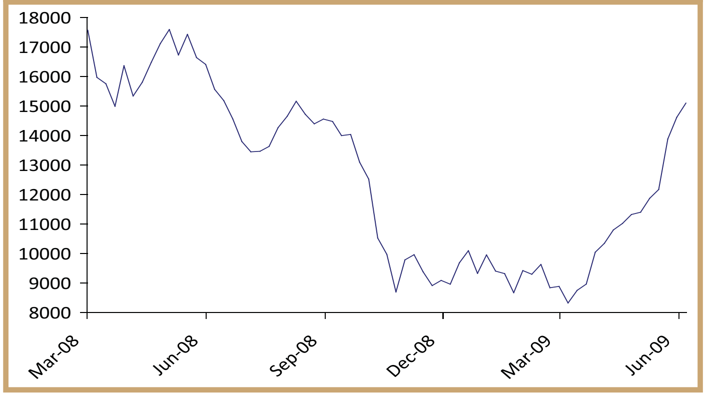
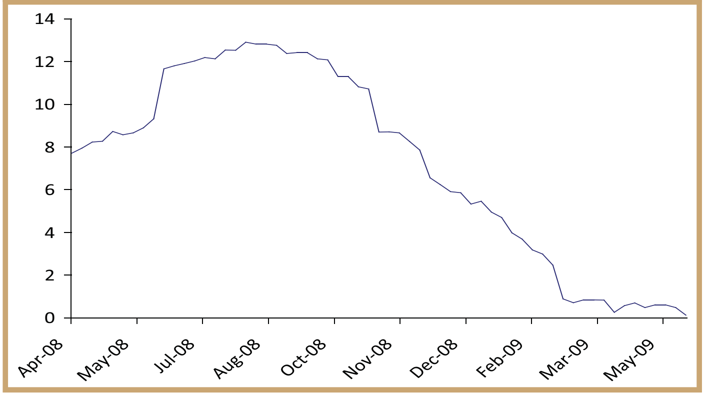
Sensex



Inflation has fallen to 0.13%



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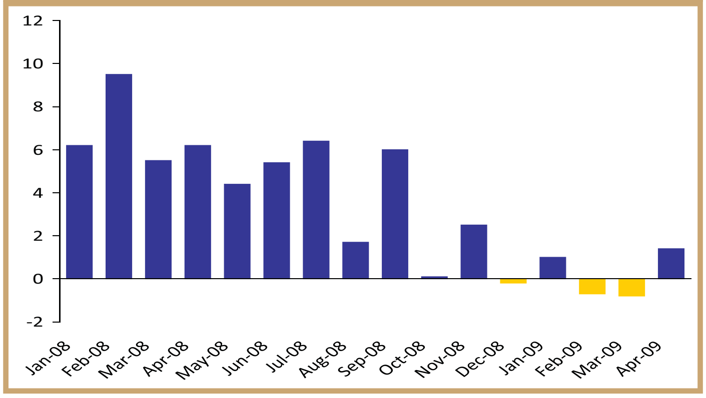
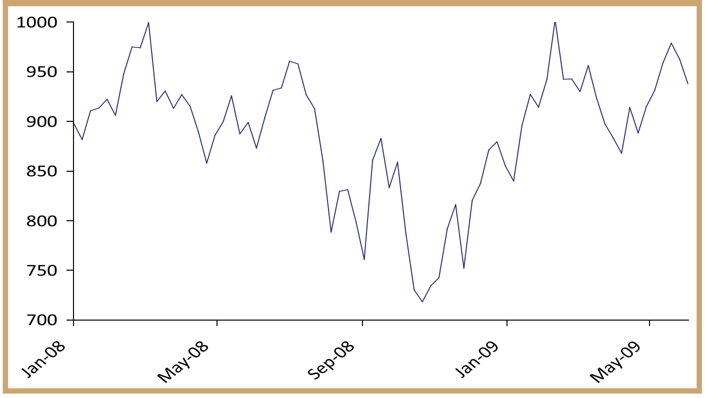


Gold (US$/oz)



Global indices: Weekly performance

	Close (June 12)	Close (June 05)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	18889.68	18679.53	1.13	27.99	-17.96	16.90
STI	2377.07	2396.35	-0.80	36.59	-21.29	12.54
S. Korea	1428.59	1394.71	2.43	29.42	-17.87	30.26
Nikkei 225	10135.82	9768.01	3.77	23.07	-27.02	-
AMERICA (closing as on June 11)						
Dow Jones	8770.92	8763.13	0.09	1.64	-27.76	21.68
S&P 500	944.89	940.09	0.51	7.41	-29.48	14.85
NASDAQ	1862.37	1849.42	0.70	20.88	-22.54	28.41
Brazil Bovespa	-	53341.01	-	38.66	-20.04	21.52
EUROPE (closing as on June 11)						
FTSE-100	4461.87	4438.56	0.53	3.75	-23.31	31.78
DAX 30	5107.26	5077.03	0.60	8.55	-24.61	27.07
CAC 40	3334.94	3339.05	-0.12	3.32	-28.94	11.74

Source: Bloomberg

Domestic indices: Weekly performance

	Close (June 12)	Close (June 05)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	15237.94	15103.55	0.89	57.25	-0.08	16.32
Nifty	4583.40	4586.90	-0.08	56.89	0.97	16.72
BSE 500	5731.51	5767.03	-0.62	62.99	-4.31	16.00
BSE Auto	4897.83	4934.06	-0.73	106.03	18.06	15.91
BSE Bankex	8038.62	8204.28	-2.02	58.76	14.22	13.18
BSE Consumer Durables	2999.77	3030.84	-1.03	72.10	-23.35	9.39
BSE FMCG	2249.92	2219.58	1.37	15.65	-0.84	21.73
BSE Healthcare	3655.58	3638.11	0.48	30.12	-17.69	35.64
BSE IT	3254.76	3154.35	3.18	42.05	-25.11	15.24
BSE Oil & Gas	10509.72	10324.09	1.80	71.02	5.36	18.05
BSE Metal	12220.45	11695.50	4.49	132.10	-21.20	8.11
BSE Realty	3662.11	4029.74	-9.12	72.08	-37.09	12.90
BSE PSU	8342.67	8692.37	-4.02	76.81	27.92	59.42
BSE Power	2983.66	3008.64	-0.83	69.69	12.32	28.44
BSE Teck	2674.21	2646.68	1.04	34.35	-21.05	17.03

(Compiled by Amit Chopra)

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