Rs.5/-

KARVY BAZAAR BAATEIN

A Weekly Investment Newsletter From KARVY

A Research Product of Karvy The Finapolis

25 May 2009 to 31 May 2009 | **Volume 3 : Issue 8**

URL: http://www.karvy.com/market/mktnews.pdf

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NSE

52 Wk H/L : 5118.90/2252.75

Mcap : Rs42,68,872 cr.

BSE

52 Wk H/L : 17104.59/7697.39

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Published from Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500034.

Printed at Harshitha Printers, 6-2-985/G, Yusuf Building, Adj. Railway Gate, Khairatabad, Hyderabad- 500 004.

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

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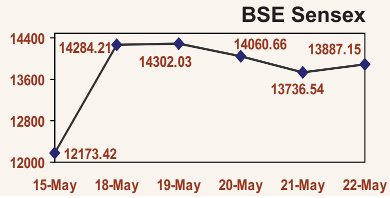
RNI Regn. No.APENG/2007/20423



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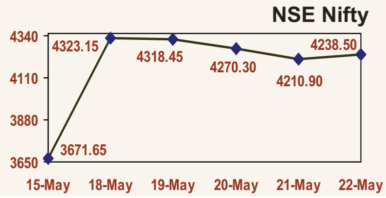

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The birth of stability...

The Indian stock markets received a spectacular jolt last week, with the Indian voter providing a hugely unexpected and decisive mandate to the Congress-led UPA coalition. The verdict took everyone by surprise, including political commentators, market experts and the media alike, particularly considering that even the most optimistic exit poll survey had predicted only a tad over 200 seats for the UPA coalition. Instead, everyone was left in a daze as the Congress party alone crossed the 200-mark and the UPA coalition came within kissing distance of the magic figure of 272. The mind-boggling outcome brought about huge expectations of speedy reforms and a stable government, and overnight, the political risk associated with India changed dramatically.

Accordingly, the markets skyrocketed on Monday, hitting upper circuits at 15% and 20% levels, both within a few seconds of trade—for the week, both the BSE Sensex and the Nifty rose about 15%. There was heavy buying interest in frontline stocks in the early part of the week, but mid-cap and small-cap stocks began catching up as the focus shifted towards them in the later part of the week. Stocks from banking & financial services, real estate, infrastructure, power, telecom, energy, metals and capital goods were among the best performers as "reforms" and "domestic plays" came in sharp focus.

There was broad-based participation last week with many investors taking the opportunity to churn their portfolios. The Indian markets witnessed huge FII inflows and the bourses saw a record turnover of Rs1,50,000 crore. Needless to say, the rupee witnessed the biggest weekly advance in 13 years against the US dollar.

We believe that long-term investors are better placed to build a portfolio with a 3-5 year perspective, and with a mix of frontline and mid-cap stocks. Short-term traders, on the other hand, can position themselves to cash in on the opportunity arising from the pre-budget rally, which is expected in the next few weeks.

KBB weekly recommendations for the week beginning 25th May.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
ICICI Bank	Buy	702.65	690-700	670.00	765-770	5-6 Days
Sasken	Buy	97.40	96-98	90.00	120-122	10-12 Days
Axis Bank	Buy	762.85	755-760	742.10	800-805	5-6 Days
Welspun Gujarat	Buy	152.20	150-152	146.80	163-165	5-6 Days
NIIT Ltd	Buy	48.35	46-48	43.80	58-60	10-12 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
No recommendations were given last week due to volatile markets								
Total						-		

Balance on inception (26- Jan- 09)	Balance last week (15-May-09)	Balance current week (22-May-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,81,092	6,81,092	-	36.22

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

BPCL **CMP: 447.55**

BPCL has witnessed a rising trend following its debacle last year. The stock remained volatile throughout and recently staged a sharp bounce-back above the critical resistance of 400 levels, backed by significantly high volumes. The recent rally saw the stock move beyond all the moving averages, and this is a positive sign. The stock has its 8-day EMA at 406.98 levels, which is the immediate support in the short-term, and the 200-day EMA at 365 levels. The 14-day RSI is in overbought territory, hinting marginal profit-taking from current levels. On the RSI scale, the stock could find support around the 58-60 levels. Immediate resistance is placed around 80 and 85 levels. Speculation on de-regularization of oil prices doing the rounds would induce a significant rally in all oil marketing companies. However, technically, the stock may witness marginal profit-taking. Investors are advised to assume long positions in the stock in the range of 440-450 levels and average the same, if available, at 390 levels for an upside target of 500 and 550 levels in the short and medium term. All long positions in the stock should be protected with a stop loss placed below 380 levels on a closing basis.

KS Oils **CMP: 59.10**

KS Oils has been moving sideways since its debacle in October-November last year. It almost touched its October lows in November, but reverted with improving volumes, indicating fresh buying in the stock. Thereon, the stock picked up and witnessed a break-out above the consolidative range. The rally helped the stock to cross all the moving averages, and it is heading towards the immediate resistance levels of 75. The 14-day RSI is already in the overbought territory, indicating caution from current levels. However, the stock has crucial support around 55 and 50 levels where the 200-day EMA is currently placed which will be the critical point of observation. Investors are advised to assume long positions in the stock in the range of 55-58 levels for a short-term target of 75 levels. All long positions in the stock should be protected with a stop loss placed below 47 levels on a closing basis.

Aptech Training **CMP: 164.90**

After its debacle late last year, Aptech Training was consolidating within a broad range of 60-100, after which it recently broke past the range and staged a sharp rally following the election outcome. The break-out helped the stock to move past all moving averages which increases the strength of the up-move. The stock climbed above the 200-day EMA this week which is a positive takeaway, and this would act as a strong support in the future. The 14-day RSI has entered the overbought territory, indicating a touch of caution. Hence, the stock may witness some cool-off due to profit taking which can be seen as an opportunity to enter around the lower supports of 140 levels. Investors are advised to assume long positions in the stock within the range of 150-160 levels and average the same at 120 levels for a short-term target of 200 and 220 levels. All long positions in the stock should be protected with a stop loss placed below 110 levels on a closing basis.

- Kalyan C. Reddy

Fundamental view

Lupin (Rs782)

Lupin's results were beyond industry's consensus. The net revenues for the quarter were up by 38% to Rs10.7 bn. The revenue growth was driven by strong growth in both domestic and exports formulations businesses. The operating margins for the quarter were up from 18.6% to 20.05%, mainly due to savings in other expenses and also due to an improvement in margin by 500 bps in Kyowa. Moreover, profit was up 64% to Rs1.57 bn for the quarter.

We have raised our FY10E and FY11E EPS by 14.3% (to Rs71) and 8.5% (to Rs81.7), respectively, due to higher traction in advanced markets. The stock is currently trading at a P/E of 11x FY10E and 9.6x FY11E. However, despite earnings upgrade, we are downgrading our estimates on Lupin's multiple due to the USFDA's warning to the company regarding its Mandideep facility (oral and injectible cephalopsorins). Mandideep accounts for 25 % of the Lupin's US sales. We downgrade our multiple from 12x to 11x. Nevertheless, despite the downgrade in multiple, we maintain our price target of Rs900 based on 11x FY11E. Meanwhile, due to stock price performance, we are downgrading the scrip to 'Outperformer'. We would upgrade our multiple if the company receives positive feedback from the USFDA's re-inspection and resolution of the same.

Lupin		(Rs mn)	FY07	FY08	FY09E	FY10E	FY11E
Reuters	LUPN.BO/	Net sales	20,365	27,581	38,668	44,709	50,296
Bloomberg Code	LPC@IN						
Market Cap(Rs bn)	65	EBITDA	3,151	4,876	7,716	9,207	10,453
Market Cap(US$ mn)	1,303	Net Profit	2,107	3,154	5,339	6,203	7,107
Shares Outstanding(mn)	82.8	EPS(Rs)	24.9	37.2	60.8	71.0	81.7
52-week High/Low(Rs)	821.5/518	EPS growth (%)	22.38	49.66	63.34	16.78	15.03
		EBITDA margin(%)	15.5	17.7	20.0	20.6	20.8
Major Shareholders (%)		PER(x)	31.4	21.0	12.9	11.0	9.6
Promoters	50.6	EV/EBITDA (x)	22.1	15.2	9.8	8.2	7.0
FIIs	11.2	P/S (x)	3.0	2.3	1.7	1.5	1.3
Banks/FIs/MFs	27.3	RoCE(%)	17.2	20.0	23.6	23.2	22.2
Public	10.9	RoE(%)	24.2	24.6	30.7	27.6	25.2

Source: Company and KSBL Research *Indian GAAP Consolidated*

Bajaj Auto (Rs926)

Bajaj Auto's Q4FY09 results were very much in line with our estimates, except for the Rs218 mn valuation loss reported by the company due to derivative hedging instruments.

Bajaj Auto's revenues for the quarter stood at Rs18,834 mn as against our estimates of Rs18,747mn. Moreover, the revenues were down by 9.2% Y/Y due to lower sales volume. However, blended realisation for the quarter improved by 13% Y/Y due to better product mix and excise duty benefits.

Despite a decline in sales, better margins helped the company to report a growth in EBITDA to Rs2,858 mn (as against our estimate of Rs2,855mn) from Rs2,616 mn during 4QFY08. A better product mix, easing raw material prices and lower excise duty helped the company to report an EBITDA margin of 15.2% from an EBITDA margin of 12.6% in 4QFY08. Moreover, as expected, Bajaj Auto made provisions of Rs611 mn towards the voluntary retirement scheme. However, the surprise element in the result was the amount of Rs218 mn set aside by the company for its derivative hedging transaction. In order to protect the export realisation in FY10E, the company entered into a range of forward contracts

Market pulse

Bulk Deals			
Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
IFCI Ltd	37.37	4000000	Citigroup Global Markets Mauritius
Shriram Trans Fin	300	10000000	ICICI Prudential Life Insurance
IB Real Estate	210.24	1670000	Deutsche Securities
Mcnally Bharat	80.05	200000	Royal Bank Of Scotland Plc
Sell			
India Cements	128.62	8028128	Morgan Stanley
JSW Steel	494.42	973097	Credit Suisse (Singapore) Limited
Madhucon Projects	99.77	608386	Morgan Stanley MF
Nagarjuna Constr	118.57	1600165	Citigroup Global Mkts Mauritius
NIIT	30.85	1058822	Morgan Stanley Mauritius Company

Top Gainers (Weekly)

Company	22-May	15-May	%Change
Reliance Capital	903.30	591.55	52.70
Unitech	71.15	50.95	39.65
RIIL	1121.30	820.20	36.71
RCom	315.85	232.50	35.85
Tata Steel	363.65	272.00	33.69
SBI	1732.00	1313.50	31.86
L&T	1300.75	989.00	31.52
Tata Motors	345.75	265.25	30.35
SAIL	158.45	122.25	29.61
DLF	334.00	258.05	29.43

Top Losers (Weekly)

Company	22-May	15-May	%Change
Infosys	1522.30	1592.80	-4.43
Cipla	222.95	230.90	-3.44
Wipro	369.35	377.60	-2.18
TCS	634.05	644.05	-1.55
ITC	183.60	186.05	-1.32
Sun Pharma	1290.60	1302.45	-0.91

	FII Invt (Rs.cr)		MF (Rs.cr)	
Date	Purchases	Sales	Purchases	Sales
18-May-09	2673.00	1672.80	17.20	17.70
19-May-09	58.10	4.70	1396.20	3115.80
20-May-09	12578.90	7534.10	1635.40	1395.30
21-May-09	6399.50	6633.70	1263.40	1166.00
22-May-09	3896.40	3749.50	-	-
Total	**25605.90**	**19594.80**	**4312.20**	**5694.80**

Corporate Actions

Company	Date	Purpose
Bank of Baroda	26-05-2009	Audited Results
GMR Industires	26-05-2009	Audited Results
Jindal Steel & Power	27-05-2009	Audited Results
BHEL	27-05-2009	Audited Results
M&M	28-05-2009	Audited Results
SAIL	28-05-2009	Audited Accounts/Divi

(Compiled by Krishna Veni M.)

Bajaj Auto - Standalone		Y/E March (Rs Mn)	FY07	FY08	FY09E	FY10E	FY11E
Reuters/ Bloomberg Code	BAJA.BO/ BJAUT IN	Net Sales	96,399	89,548	88,104	84,712	93,706
Market cap. (Rsbn)	134	EBITDA	15,387	12,085	12,023	12,321	13,979
Market cap. (US$mn)	2,851	Reported Net Profit	12,371	7,558	6,545	7,462	10,190
Shares outstanding (mn)	145	Adjusted Net Profit	12,702	8,240	7,922	8,681	10,190
52-week High/Low (Rs)	947/262	Adjusted EPS (Rs)	125.5	56.9	54.8	60	70.4
		EPS growth (%)	13	(54.6)	(3.9)	9.6	17.4
		EBITDA Margin (%)	16	13.5	13.6	14.5	14.9
		PER (x)	7.6	17.7	20.5	18	13.1
		EV/EBITDA (x)	3.3	11.1	10.9	10.4	8.8
Major shareholders (%)		Price/Sales (x)	1	1.5	1.5	1.6	1.4
Promoter/Majority	49.6	Price/BV (x)	1.7	8.4	7	5.9	4.5
FIIs	13.8	Dividend Yield (%)	4.3	2.2	2.2	2.4	2.2
Banks/FI's/MFs	9.9	RoCE (%)	26.3	41.3	35.6	31.8	32.7
Others and Public	26.6	RoE (%)	24.7	51.9	45.4	41.5	38.9

Source: Company and KSBL Research

(Rs47/$ to Rs55/$) to the tune of $535mn, and, accordingly, provided for a notional valuation loss. Due to superior operational performance, Bajaj Auto reported an 8% growth in net profit to Rs1,303 mn (against our estimate of Rs1,560mn) from Rs1,207 mn in 4QFY08.

In the recent past, we have seen a sharp run up in the stock price of Bajaj Auto from Rs642 (since our initiating coverage (IC) report, dated April 29, 2009) to Rs926. However, we do not see any fundamental change in the company since our IC report, and, hence, we maintain our FY10E and FY11E earnings. We continue to maintain our price target of Rs739 on the stock with an 'Underperformer' rating.

Grasim Industries (Rs2,192)

Grasim's Q4FY09 results were marginally better than our expectations due to a better-than-expected performance from its cement division. The net sales were up 5.5% to Rs49.5 bn due to a 5.5% Y/Y increase in grey cement's realisations to Rs3,448/ tonne and also due to a volume growth of 12.9% to 4.82 mn tonnes. The EBIDTA has increased by 3.2% Y/Y to Rs12.2 bn and EBIDTA margin has improved by 370 bps to 24.6% Q/Q due to higher realisation from the cement division coupled with easing-off of cost pressures. However, PAT, excluding minority shares, was down by 11.5% to Rs5.68 bn due to increase in interest and depreciation costs caused by the commissioning of plants.

Valuation: We have revised our earning estimates and price target upward due to firm prices in Q1FY10 and cost reduction. However, despite the earnings upgrade, the company is currently trading at a P/E multiple of 10.1x and EV/ EBIDTA multiple of 5.9x FY10E earnings. Considering the bleak outlook for cement and VSF segments, we are downgrading our rating from 'Marketperformer' to 'Underperformer' with a revised target price of Rs1,834 based on SOTP valuation.

Grasim Industries		In Rs. Mn.	FY06	FY07	FY08	FY09E	FY10E
Reuters/ Bloomberg Code	GRASIM.BO/ GRASIM.IN	Net Sales	102,461	140,939	169,739	184,039	177,683
Market Cap. (Rsbn)	206.5	EBIDTA	20,608	39,642	49,520	43,296	42,293
Market cap. (US$bn)	4.5	Net Profit	10,406	19,679	25,951	21,867	20,365
Shares Outstanding (mn)	91.67	Adj. EPS	110.4	210.1	283.1	238.5	222.2
52-week High/Low (Rs)	2355/831	EPS Growth %	18.2	89.1	46.2	(24.0)	(6.9)
		EBIDTAM%	20.1	28.1	29.2	23.5	23.8
		PER (X)	20.4	10.7	8.0	9.4	10.1
Major Share Holders (%)		P/BV (x)	5.1	4.3	3.1	1.8	1.5
Promoter/Majority	25.2	Price/sales (x)	2.0	1.5	1.2	1.1	1.2
FIIs	37.6	EV/EBIDTA	11.0	5.8	4.4	5.9	5.9
Banks/FIs/MFs	20.9	EV/Sales	2.2	1.6	1.3	1.4	1.4
Others	4.2	ROCE (%)	20.7	33.4	31.8	22.5	19.5
Public	12.4	ROE (%)	22.2	33.6	35.6	20.6	16.0

Source: Company and KSBL Research

- Karvy Equity Desk

Mutual Fund performance

Equity Diversified

Scheme Name	NAV (Rs)	1 Year	3 Years	5 Years
Reliance Reg Savings-Equity(G)	19.70	-16.30	16.75	
Birla SL Frontline Equity(G)	59.37	-10.37	15.18	27.23
DSPBR Top 100 Equity(G)	68.65	-10.62	14.62	28.09
Sahara Growth(G)	62.04	-5.53	14.12	27.60
IDFC Premier Equity-A(G)	18.17	-16.55	13.70	
Baroda Pioneer Growth(G)	37.10	-14.93	13.34	26.77
HDFC Top 200(G)	132.23	-7.10	13.24	28.90
DBS Chola Opportunities(G)	31.09	-26.64	13.22	25.04
Reliance NRI Equity(G)	26.02	-12.02	12.41	
IDFC Imperial Equity-A(G)	14.36	-8.23	12.12	

ELSS

Scheme Name	NAV (Rs)	1 Year	3 Years	5 Years
Taurus Tax Shield(G)	24.49	-14.73	11.49	25.54
Sundaram BNPP Tax Saver(G)	32.61	-10.37	10.16	
Fidelity Tax Advantage(G)	13.22	-15.17	8.55	
Sahara Tax Gain(G)	23.80	-10.85	6.99	8.44
Franklin India Taxshield(G)	134.57	-15.02	5.84	23.21
Tata Tax Advantage-1	10.70	-17.00	4.48	
HDFC TaxSaver(G)	137.53	-11.99	2.78	28.59
Principal Personal Tax saver(G)	65.94	-29.87	2.70	20.52
Baroda Pioneer ELSS 96	18.09	-25.95	2.12	15.62
Reliance Tax Saver (ELSS)(G)	13.23	-14.29	1.20	

Balanced

Scheme Name	NAV (Rs)	1 Year	3 Years	5 Years
DSPBR Balanced(G)	45.73	-9.01	11.40	20.99
Principal Child Benefit-Career Builder	64.97	-18.56	11.28	21.32
Principal Child Benefit-FutureGuard	64.02	-18.66	11.21	21.29
Birla SL '95(G)	221.09	-3.56	10.89	21.94
HDFC Prudence(G)	127.05	-4.27	10.79	23.41
FT India Balanced(G)	37.10	-6.89	9.94	18.99
Birla SL Freedom(G)	31.16	-2.90	8.97	17.00
Tata Balanced(G)	75.22	-11.54	8.39	21.22
Templeton Children's Asset-Gift(G)	33.23	-5.69	8.32	11.18
Magnum Balanced(G)	38.77	-8.21	7.98	

MIP

Scheme Name	NAV (Rs)	1 Month	3 Months	1 Year
JM Nifty Plus(G)	14.11	23.30	44.99	12.89
ICICI Pru Qrtly Inv II-D(G)	11.78	1.00	2.69	12.89
UTI-FIIF-AS II-Inst(G)	11.86	0.93	2.88	11.10
ICICI Pru Annual Inv III-Ret(G)	11.62	0.88	2.68	11.05
HDFC Qrtly Inv-B-Ret(G)	12.14	0.56	2.33	11.00
ICICI Pru Annual Inv II-Inst(G)	11.71	0.91	2.80	10.97
UTI-FIIF-AS II(G)	11.78	0.90	2.79	10.71
Fortis Mthly Inv -A(Ren-G)	11.56	0.86	2.60	10.65
UTI-FIIF-AS I-Inst(G)	11.81	0.83	2.55	10.45
ICICI Pru Qrtly Inv II-A(G)	11.57	0.71	1.86	10.44

Income

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
Canara Robeco Income(G)	18.94	4.47	31.03	14.17
ICICI Pru Income-Ret(G)	29.35	5.57	23.98	12.75
Fortis Flexi Debt-Reg(G)	15.33	5.83	19.92	12.66
Kotak Bond-Reg(G)	25.55	3.19	18.15	11.39
IDFC Dynamic Bond-A(G)	18.08	2.53	17.95	12.31
ING Income(G)	23.94	4.96	17.70	10.85
Kotak Bond-Deposit(G)	23.79	3.19	17.69	10.13
Reliance Income(G)	30.17	3.40	17.69	10.77
DWS Premier Bond-Reg(G)	15.08	3.62	17.11	8.64
Kotak Twin Advantage II(G)	13.14	19.32	17.07	

Gilt

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
ICICI Pru Gilt-Invest-PF	18.37	7.96	42.83	18.80
Escorts Gilt(G)	20.56	4.99	32.64	12.68
ICICI Pru Gilt-Invest(G)	32.05	5.14	32.03	15.16
JM G-Sec-Reg(G)	29.01	3.94	31.48	12.12
DSPBR GSF-Longer Dur(G)	31.62	0.19	26.61	12.52
Templeton India G-Sec-LTP(G)	22.61	2.14	23.83	12.74
ICICI Pru Gilt-Treasury-PF	15.27	3.95	23.22	11.74
ICICI Pru Gilt-Treasury(G)	23.99	3.68	22.87	11.69
Birla SL Govt Sec-LT(G)	24.44	10.24	22.85	8.66
Templeton India G-Sec-Composite(G)	32.48	1.93	22.07	11.59

Short-term Debt

Scheme Name	NAV (Rs)	1 Month	3 Months	1 Year
Sundaram BNPP Flexible-ST-Inst(G)	13.87	0.53	2.96	10.12
Escorts FRF(G)	12.79	0.75	2.18	9.75
HDFC FRF-LT(G)	14.94	0.53	2.14	9.71
LICMF FRF-STP(G)	14.44	0.47	1.56	9.25
DSPBR FRF-Inst(G)	1,275.60	0.29	1.70	9.20
UTI-FRF-STP(G)	1,442.60	0.52	1.77	9.16
Templeton FRF Income-ST-Inst(G)	13.28	0.55	1.81	9.11
Magnum FRF-STP(G)	13.64	0.38	1.56	9.05
HSBC FRF-LT-Inst(G)	13.89	0.54	1.72	8.97
Canara Robeco FRF-STP(G)	13.69	0.49	1.56	8.96

Liquid

Scheme Name	NAV (Rs)	1 Month	3 Months	1 Year
Fortis Money Plus-Inst(G)	13.31	0.55	1.90	9.97
Escorts Liquid Plan(G)	13.21	0.78	2.30	9.90
Templeton FRF Income-LT-SIP(G)	11.98	0.58	2.13	9.80
Fortis Money Plus-Reg(G)	13.18	0.53	1.83	9.60
JM Money Mgr-Super(G)	12.34	0.62	1.87	9.56
Templeton FRF Income-LT-Inst(G)	13.32	0.56	2.07	9.53
Tata Treasury Mgr-HIP(G)	1,172.51	0.48	1.62	9.34
DWS Cash Oppor-30D(G)	11.29	0.53	1.92	9.32
Tata Treasury Mgr-RIP(G)	1,172.32	0.47	1.60	9.23
DWS Cash Oppor-15D(G)	11.83	0.52	1.88	9.16

Source: Acemf   Note: All NAV as of May 21, 2009

(Compiled by Pradeep Kumar S)

Commodities review

Precious metals review

Bullion: Bullion prices remained positive for the most part of last week, and both gold and silver prices were set to end the week with strong gains. As of last Thursday, the most active June gold futures contract on the COMEX was trading at $951.2, gaining 2.15% or $20 from the penultimate week's close.

After a correction to $908, gold prices resumed its bull run, taking support from the weak US dollar and negative sentiments prevailing in the equity markets. The weakness in the US dollar persisted throughout the week due to weak Housing Starts Data released on Tuesday. Moreover, the US dollar came under pressure after the release of the minutes of FOMC's meeting held on April 29. According to the minutes, the US Fed contemplated injecting more dollars into the system through greater purchase of mortgage and government securities.

The weakness in the US dollar is indicated by the sharp decline in the Dollar index which measures the performance of the US dollar against six major currencies. At the time of writing this report, the Dollar index shed 2.36% and was trading near its six-month lows of 80.2. Furthermore, bullion prices were also supported by declining equity markets across the world as it helped the commodity to revive its appeal as an alternative asset class. Investment in gold and silver is considered to be safe, especially during periods of economic uncertainty and weak sentiments in currency and equity markets. Among other important factors, gold holdings of the SPDR Gold Trust remained unchanged at 1105.62 tonnes from the penultimate week.

The fundamental outlook for the week remains bullish as the US dollar is further set to lose against major currencies due to increased speculation regarding a possible de-rating of the US economy by rating agencies. This may renew concerns related to economic recovery in the world's largest economy. Moreover, similar downgrades for other major economies may help gold to attract investments.

Apart from fundamental factors, chart-based buying also helped gold prices to trade firm as the market managed to sustain well above its important resistance of $920. Momentum indicators like RSI (14) are at 57. In addition, a possible crossover in MACD will further support an upward movement in the coming days. The support is at $935/$920 and resistance is at $974/$1000.

Energy review

Crude oil: The most active NYMEX July crude oil futures resumed its bull run last week and tested its six-month high of $62.26 before easing a bit on Thursday. Crude oil prices gained by more than 25% in the last one month in anticipation of greater demand due to a possible recovery in the global economy. Moreover, prices were supported by the US DOE's weekly inventory data of crude oil which declined by 21,05,000 barrels. In addition, gasoline inventories declined by 43,37,000 barrels while distillate stocks reported a build-up of 6,72,000 barrels from the penultimate week. Overall, we expect a further upward movement in crude oil prices this week. However, a near-term correction cannot be ruled out as the recent rally looks overdone.

Base metals review

The base metals displayed a bearish trend, taking cues from weak equity markets and erratic movement in the US dollar. A strong appreciation of 4.61% in the Indian rupee and lower cancelled warrants in the LME put pressure on the metals complex to trade lower. In the FOMC meet, the Fed cut its US growth forecast, undermining hopes for a quick recovery from the downturn.

Last week, the US Housing Starts, PMI Manufacturing Index and ABC Consumer Confidence declined more than expected. This, along with a contraction in the German GDP by 3.5% Q/Q and Japanese GDP by 4.0% in Q1FY09-10, threatened to crush an anticipated rebound in prices and rising demand expectations.

On the production front, the surplus inventory is also restricting a surge in prices. Aluminium continued to witness stockpiling and added 2,40,650 tonnes last week. The world copper market also saw a surplus of 86,000 tonnes in February, leading to a decline in usage by 4.4% in the first two months of 2009. According to International Lead and Zinc Study Group's (ILZSG) monthly bulletin, the supply in the global lead market was in surplus by 33,000 tonnes in the first three months of 2009. These data dampened hopes of an economic recovery and hurt market sentiments. Meanwhile, any decisions from the Chinese government regarding copper consumption would be important to watch out for.

Negative sentiments over economic recovery are making investors apprehensive. Overall, we expect base metals prices to remain sideways this week.

- Commodities Research Desk

Future Care

Future Care is a term assurance policy from Future Generali India Life Insurance Company Limited.

Unique features

Convertibility option: The policy provides the option of converting into an endowment assurance policy. This option is available without the need of furnishing additional evidence of insurability at the time of conversion and has to be exercised within a specified period. This option is subject to policy conditions. The premium charged for the permanent plan will be based on age of the insured.

Provision of riders: The policy provides the option of two riders, namely, accidental death rider and accelerated critical illness rider, to enhance the scope of coverage of the policy. Please see the 'Riders available' section for details.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the nominee or policy beneficiary will receive the policy sum assured amount.

Maturity benefit: No maturity benefit is available under this policy.

Eligibility parameters

Age at entry: Minimum – 18 years; maximum – 60 years

Maximum age at maturity: 65 years

Policy term: Minimum – 5 years; maximum – 25 years

Sum assured value: Minimum – Rs3,00,000; maximum – no limits, subject to underwriting guidelines and decisions.

Premium payment frequency: Annual, semi-annual and monthly (through ECS only)

Minimum annual regular premium amount: Rs1500

Riders available

Accidental Death Rider: This rider provides an additional sum assured (as selected under this rider benefit) in the event of death of the life assured from an accident.

Accelerated Critical Illness Rider: This rider provides an accelerated death benefit on diagnosis of a particular critical illness which is covered under the policy. The benefit amount is paid as a lump sum to meet medical expenses or expenses arising out of lifestyle changes due to occurrence of any of the critical illness conditions covered under this benefit. This benefit covers a total of 11 conditions, including Total and Permanent Disability due to Accident and Sickness and is subject to policy conditions.

Indicative premium

The premium per Rs1,000 sum assured under the policy for a male are:

Age	18 years	25 years	35 years	45 years	55 years	60 years
Premium	3.88	4.03	4.44	6.49	12.24	17.47

The premium payment is subject to a minimum premium amount of Rs1,500 per annum.

Tax benefits

The regular premium paid under the policy is eligible for deduction under the provisions of Section 80C of the Income Tax Act, 1961. The premium paid with respect to the Critical Illness Benefit Rider is eligible for deduction under the provisions of Section 80D of the Act. The policy benefits are exempt from tax under Section 10(10D) of the Act.

Health Shield Online

Health Shield Online is a comprehensive health insurance policy from Royal Sundaram General Insurance Company Limited.

Unique features

Easy and instant coverage: The policy provides instant health insurance coverage with no / minimum documentation requirements. It also provides the facility of tracking the policy and reporting the claims online.

No medical examination: There are no medical examinations required to avail of the policy.

Family cover: The policy provides health insurance cover to the entire family. Here, the family includes the primary insured, his / her spouse, children and dependant parents.

Family discount: A family discount of 10% is available on the policy premium when three or more family members are covered under a single policy.

Value-added services: These include cashless treatment (subject to conditions and authorizations) at a list of hospitals, a 24-hour helpline and ambulance referral facility at no additional cost.

Eligibility parameters

Age at entry: Minimum – 90 days; maximum – 50 years. Here, the maximum limit for age of entry will be as applicable for the senior-most member (dependant parent) of the family. Dependant children are covered up to 18 years of age. The policy can be renewed up to 70 years of age.

Sum insured options: Rs1,50,000, Rs2,00,000, Rs2,50,000, Rs3,00,000, Rs4,00,000 and Rs5,00,000.

Policy covers

Hospitalization expenses: The policy covers the following expenses incurred towards hospitalization of the insured person:

a) Room, boarding expenses for hospital/nursing home, subject to a maximum of 1.5% of the sum insured. For ICU (intensive care unit), 3% of the sum insured per day.

b) Surgeon's, anesthetist's, medical practitioner's, consultants' and specialists' fees, subject to maximum of 40% of the sum insured.

c) Nursing expenses during hospitalization.

d) Anesthesia, blood, oxygen, operation theatre charges, medicines and drugs, diagnostic materials and X-ray, dialysis, chemotherapy, radiotherapy, donor's medical expenses towards organ transplant, cost of pacemaker, artificial limbs, cost of organs.

Lump sum recovery benefit: A lump sum benefit of 2% of the sum insured is payable to the insured if hospitalization exceeds 15 consecutive days and where liability is admitted for hospitalization.

Pre- and post-hospitalization expenses: The policy covers the expenses incurred up to 30 days prior and 60 days after hospitalization.

Coverage for pre-existing diseases: The policy covers pre-existing diseases / conditions after four consecutive years of insurance coverage.

Reimbursement of health check-up cost: The policy provides for the reimbursement of expenses incurred towards health check-up, subject to maximum of Rs750 per insured person after five claim-free years of insurance.

Ambulance expenses: The policy covers ambulance expenses incurred in a emergency, subject to maximum of Rs1,000.

Tax benefits

The premium paid under the policy by means of a cheque is eligible for deduction under the provisions of Section 80D of the Income Tax Act, 1961.

Important: Please refer to the policy document for the exclusions and policy details.

Indicative premium: The indicative premium payable (for one year) under the policy is:

Age group	Sum insured value					
	Rs1,50,000	Rs2,00,000	Rs2,50,000	Rs3,00,000	Rs4,00,000	Rs5,00,000
91 days to 25 years	Rs1,313	Rs1,510	Rs1,888	Rs2,264	Rs2,928	Rs3,295
26 years to 40 years	Rs2,319	Rs2,622	Rs3,278	Rs3,935	Rs4,982	Rs5,607
41 years to 45 years	Rs2,719	Rs3,334	Rs4,167	Rs5,000	Rs6,333	Rs7,125
46 years to 50 years	Rs3,119	Rs4,045	Rs5,170	Rs6,291	Rs7,970	Rs8,967

Note: The above premium is inclusive of service tax.

- Atul Stanley Hermit

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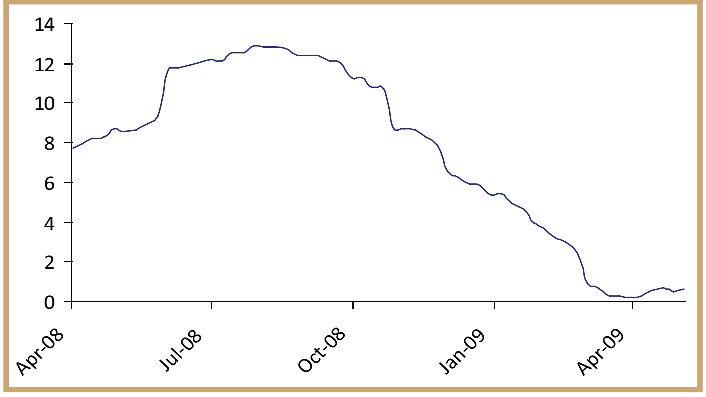
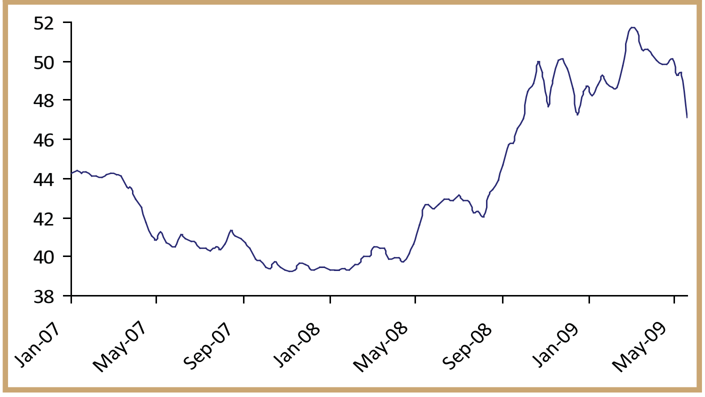
Market Data

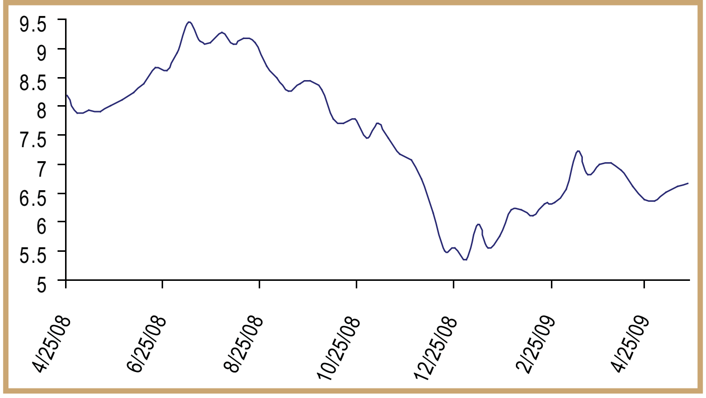
Inflation came in at 0.61%



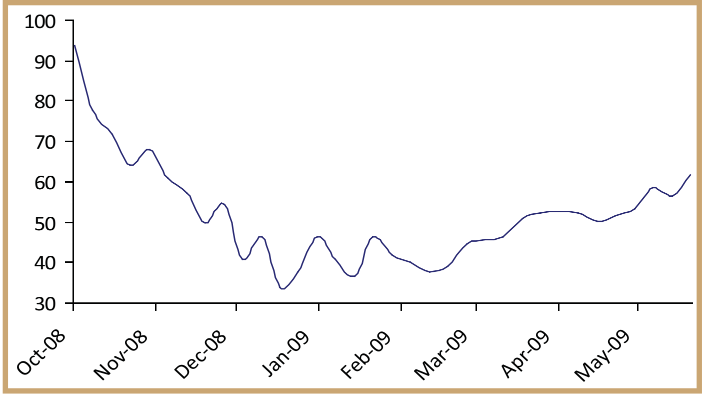
Currency (INR/US$)



10-year bond yield (%)



Crude (US$/bbl)



Global indices: Weekly performance

	Close (May 22)	Close (May 15)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	17062.52	16790.70	1.62	34.78	-31.87	15.34
STI	2245.27	2139.78	4.93	35.09	-28.97	11.86
S. Korea	1403.75	1391.73	0.86	39.85	-23.52	28.15
Nikkei 225	9225.81	9265.02	-0.42	16.62	-34.00	-
AMERICA (as of May 21 closing)						
Dow Jones	8292.13	8268.64	0.28	3.05	-34.32	20.50
S&P 500	888.33	882.88	0.62	11.04	-36.29	14.52
NASDAQ	1695.25	1680.14	0.90	22.46	-31.22	25.47
Brazil Bovespa	50087.33	49007.21	2.20	60.28	-30.72	20.97
EUROPE (as of May 21 closing)						
FTSE-100	4345.47	4348.11	-0.06	15.86	-29.13	27.56
DAX 30	4900.67	4737.50	3.44	20.02	-29.94	25.60
CAC 40	3217.41	3169.05	1.53	12.88	-35.33	11.52

Source: Bloomberg

Domestic indices: Weekly performance

	Close (May 22)	Close (May 15)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	13887.15	12173.42	14.08	55.77	-17.86	15.09
Nifty	4238.50	3671.65	15.44	57.36	-15.66	15.35
BSE 500	5235.69	4444.70	17.80	60.49	-22.39	14.47
BSE Auto	4378.81	3742.86	16.99	89.96	-6.53	13.58
BSE Bankex	7827.56	6375.65	22.77	70.21	-6.55	13.35
BSE Consumer Durables	2507.79	2007.22	24.94	39.81	-45.87	7.85
BSE FMCG	2080.53	2054.98	1.24	10.21	-14.73	20.34
BSE Healthcare	3377.31	3161.14	6.84	20.07	-20.12	30.58
BSE IT	2829.93	2850.73	-0.73	15.15	-35.95	13.24
BSE Oil & Gas	9814.23	8509.62	15.33	76.81	-12.50	15.63
BSE Metal	9740.89	7872.70	23.73	122.52	-43.21	6.65
BSE Realty	3310.79	2404.87	37.67	101.21	-56.97	9.41
BSE PSU	7675.71	6038.18	27.12	67.25	0.29	53.52
BSE Power	2736.83	2216.53	23.47	72.28	-15.34	26.50
BSE Teck	2469.14	2316.65	6.58	28.09	-29.23	15.80

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