

# Stocks are like Fashion... Dump the "Junk" Scrips. Get into the latest Trend of Performers..!!

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In our last “May Market Mantra” we mentioned, a decent correction was on cards in May and it happened. NIFTY lost about 190 points or 3.3% in May compared to April close.

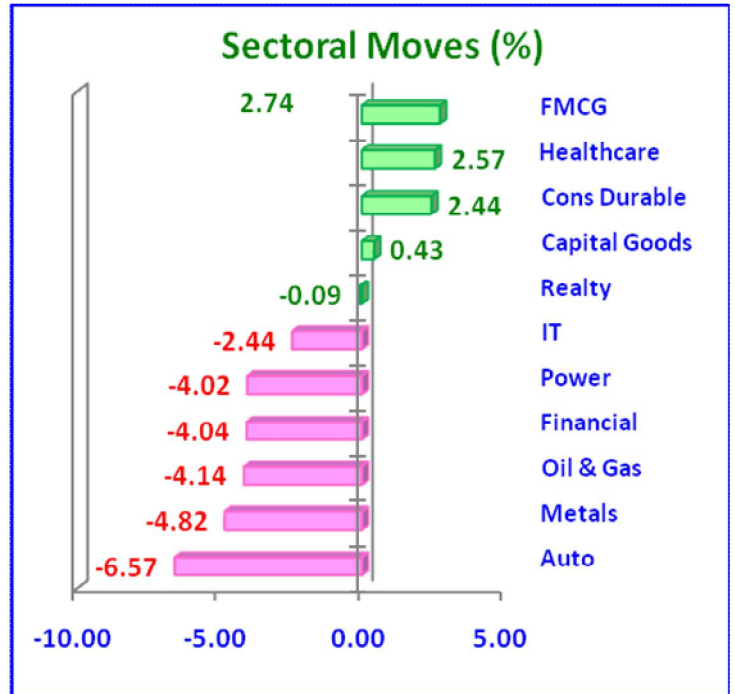
There is some more downside left, which should be there once the rally that started in last few sessions of May gets over. **But we are at the end of The Tunnel.** A decisive bottom should be formed in June.

We were continuously advising to increase Cash position since the April. Now the time is coming to start folio investing with a view for next 2-3 quarters.

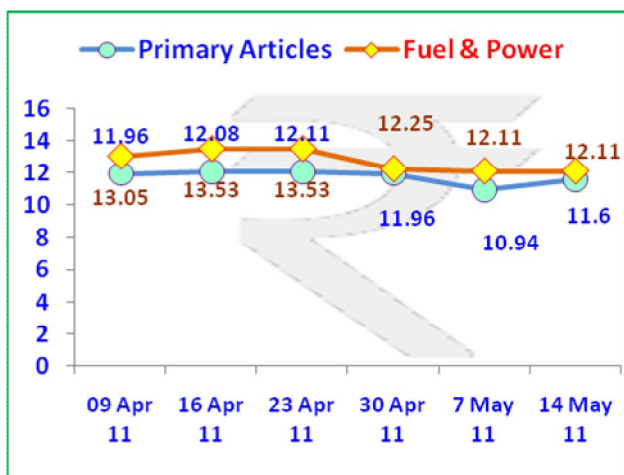
### Markets in MAY

INDEX	DOW	NASDAQ	DAX
29 April 2011	12810.5	2873.54	7514.46
31 May 2011	12569.79	2835.3	7293.69
Points Change	-240.71	-38.24	-220.77
% Change	-1.88	-1.33	-2.94
Monthly High	12928.45	2887.75	7600.41
Monthly Low	12271.9	2739.85	7071.42

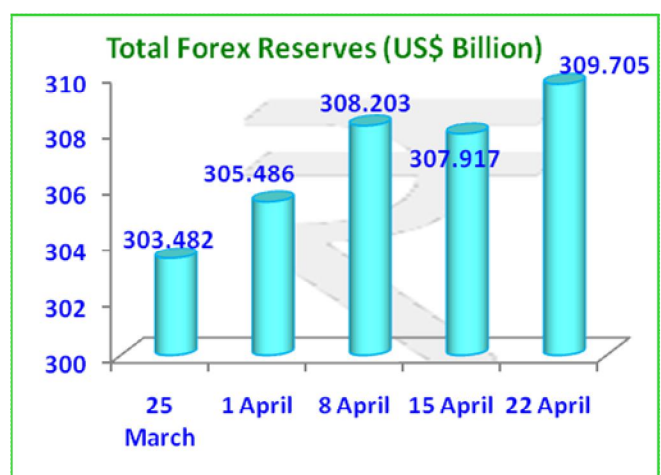
INDEX	NEKKEI	BSE 30	NSE 50
29 April 2011	9849.74	19131	5749.5
31 May 2011	9693.73	18503	5560
Points Change	-156.01	-628	-189.5
% Change	-1.58	-3.28	-3.30
Monthly High	10768.43	19254	5775
Monthly Low	8227.63	17786	5329



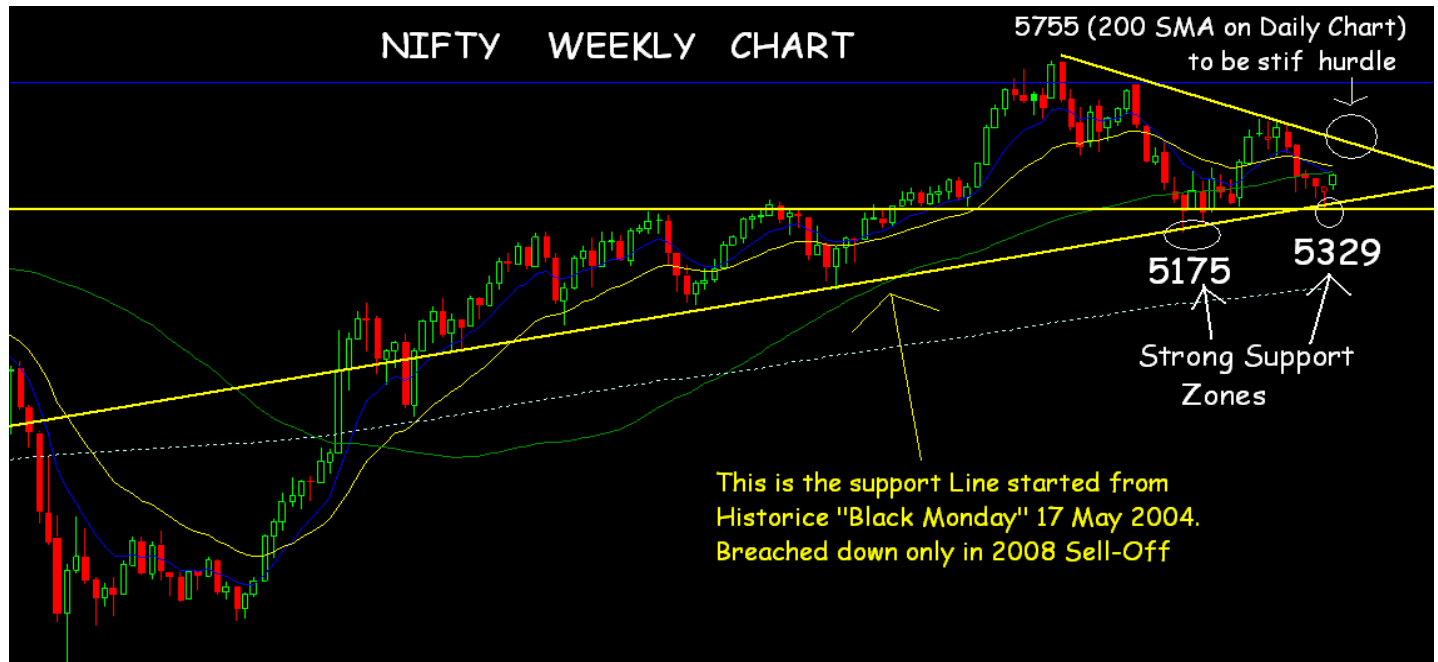
### Inflationary pressure remains concern



### Forex Situation is healthy



There is very high probability that the markets will bottom out in June. There is more stability to Central Govt, post elections in Some Southern & Eastern states. With elections in important state of UP less than a year away, the Govt will be all out to battle out high Inflation. Falling inflation can give stability to spiraling Interest rates. Once Interest rates are tamed, a rally is always on cards.



### KEY NIFTY LEVELS FOR JUNE

**SUPPORTS: 5450-5330-5260-5175**

**RESISTANCES: 5610-5690-5755-5810**

Sectors like Realty can continue to be laggards. Rising Metal Prices can hurt Autos more. Financial scrips are at their respective strong support zones and buying may emerge at lower levels in Financial scrips.

Fertilizers and Agri Input scrips can be back into lime light in Pre-Monsoon period. Scrips like Rallis, GNFC, Chambal, GSFC, Coromandal, Insecticide, Tata Chemicals can be looked at the support levels.

Towards the end of June IT Sector should be back into action, as the Q1 FY 2012 Result season kicks off with Infy's Report card during the 2<sup>nd</sup> Week of July.

**Please Note:** When trading in F&O Investors must be quick to take the Profits off the Table in Shortest Time frame, as they accrue and look to new positions. Eg. In any position, you get 30-40 points gain after taking out costs, book it and look for new position. Reason: (1) Options lose Value with time (2) There are more uncertainties & risks in F&O than in CASH Market Buys with Long Term Views.

We have attached a brief Book on Options along with this Report E-Mailed to Clients. Further, there is Options briefs for beginners on Page 10 of this Report.

We are regularly providing Intra-Day suggestions and Technical Views on day to day basis, for better decision making. Also, sending Weekly Snapshot by e-Mail.

These are also available on our website [parasramindia.com/research](http://parasramindia.com/research).



## Performers in Q4 Results Report Card

We have filtered out some of the companies, based on their performance in Q4 Results. Investors may look at these when markets consolidate in June.

### Price Range up to Rs.100

Scrip	LTP	Good Support	Mid Term Target
3i Infotech	51	45	58-60
Ashok Leyland	52	45	58-60
Bartronics	63	55	70
Bharat Seats	19	16	22-24
BILT	32	27	38-40
DCB	58	50	70
Delta Corp	85	65	105
Dena Bank	92	78	115
Geodesic	80	65	92
Geometric	59	50	70
GUJ NRE Coke	49	40	60
Gujarat Pipavav Port	65	58	72
Jay Bharat Maruti	81	70	91
Jaypee Infratech	53	45	65
JK Paper	49	44	60
JP Associate	84	70	102
KEC International	82	70	100
NIIT Limited	56	46	70
Noida Toll	25	20	30
Nucleas Software	84	70	100
Orient Paper	60	50	72
RPG Life	82	70	95
Ruchi Soya	98	85	112
Satyam	90	80	110
South Indian Bank	25	20	30
Subros	30	25	36
Thomas Cook	49	44	56
TVS Motor	54	42	64



**Price Range Rs.101-200**

<b>Scrip</b>	<b>LTP</b>	<b>Good Support</b>	<b>Mid Term Target</b>
Andhra bank	140	125	165
Central bank	118	100	140
Dabur India	114	100	130
Dhanlaxmi Bank	121	100	150
Escorts	125	100	150
Exide	163	130	190
Gateway Distriparks	120	100	140
GEI Industrial	185	160	205
Hind Zinc	132	120	150
HT Media	162	140	175
IDBI Bank	129	115	150
IOB	143	130	160
ITC (Ex-Div 10 June)	193	180	210
Kalpataru Power	124	105	145
KPIT Cummins	173	155	190
Marico	141	128	155
NIIT Tech	187	170	200
NTPC	174	160	200
Petronet LNG	137	120	155
Philips Carbon	144	125	160
Polaris	185	160	200
Punjab & Sind Bank	101	90	120
Repro	115	100	135
Rolta	136	115	150
Syndicate Bank	116	100	135
Timken India	191	170	220
United Bank	101	88	114
Zensar Technology	178	160	190



**Price Range Rs.201-400**

Scrip	LTP	Good Support	Mid Term Target
AgroTech foods	365	330	400
Allahabad Bank	202	175	240
Areva T&D	258	230	300
Bajaj Electrical	250	180	220-280
Biocon	360	308	400
Cairn India	335	305	370
Career Point	334	280	380-400
CESC	280	240	325
Dewan Housing	229	205	260
DLF	233	205	270
Engg India	274	240	320
Gitanjali Gems	290	230	350
Glenmark	308	280	325
Indian Bank	220	195	260
Indusind Bank	267	235	300
ING Vyasa	345	315	375
LIC Housing	227	200	260
Oriental Bank	345	315	380
Piramal Health	372	340	405
Power Finance	203	190	225
REC	216	190	250
Sandesh	275	250	300
Sesa Goa	289	240	330
SRF	309	270	350
Tata Sponge	350	310	376
Torrent Power	243	215	280
Union Bank	317	290	360
Vesuvius	350	340	370
Yes Bank	291	260	325



### Price Range Rs.401-1000

Scrip	LTP	Good Support	Mid Term Target
ABB	850	800	900
Adani Enterprize	611	590	650
Akzoo Nobal	915	860	960
Alstom Project	545	515	590
Apollo Hospital	480	450	525
Automotive Axels	417	370	450
Bank Of Baroda	835	780	900
BASF	600	520	680
Bata (Wait for sell off)	496	415	525
Bhushan Steel	457	390	520
Canara bank	527	495	565
Castrol (Ex Dividend on 13th Jun 2011)	495	470	520
Corporation Bank	540	480	600
Gruh Finance	414	375	480
HCL Technologies	512	480	550
HDFC	660	600	700
Indoco Remedies	419	375	480
Ingersol Rand	471	440	500
J&K Bank	790	740	850
Karur Vyasa Bank	413	380	440
Kotak M Bank	435	395	475
Lupin (Buy on correction)	450	410	480
Reliance Industries	934	890	1000
Shriram Transport (Ex dividend on 10th Jun 2011)	700	650	780
SKF India	613	570	635
Swaraj Engineering	419	395	450
Tata Coffee	858	795	925
Tata Investments	501	450	560
WIPRO	443	419	490



### Price Range above Rs.1001

Scrip	LTP	Good Support	Mid Term Target
Axis Bank	1220	1130	1400
Bajaj Auto	1375	1240	1500
Grasim	2278	2100	2400
HDFC Bank	2350	2240	2440
ICICI Bank	1047	1000	1100
Larson	1712	1600	1830
Maruti Suzuki	1233	1120	1330
Oracle Finance	2189	2100	2300
Pfizer	1320	1240	1390
PNB	1080	1000	1150
Rallis India	1473	1200	1550
TCS (Ex-Div 8 June)	1150	1105	1200
Titan	4332	4200	4470
Ultratech	1029	995	1100



## Forex Trading Myths & Facts

**Huge Funds Required ?** Many people feel Huge Funds are required in trading Forex. Fact is, Currency Derivatives have among the lowest Margin Requirements. (Please check with the broker/customer care). **CAUTION: Low Margin Requirements should not tempt you to go over leverage.**

**Very High Volatility ?** Compared to Stocks and Many of the Commodities, Currencies have very low volatility. As wild fluctuations in Forex has impact on economies, respective Governments try to keep wild fluctuations in their currencies under check. Generally currencies trade in a band or range. Even if the price moves against your bet, **there can be fair chances that your price comes back.**

**Very Risky ?** Currencies are the least risky compared to Commodities and Stocks. They lack very wild fluctuations and a Currency Collapse directly means financial collapse of the nation (in such situation all other Assets Class are also not spared).

**High Costs ?** Traders can easily do Intra-day trading as **costs are very low**, slight favorable move yields gains (Please check brokerage with customer care). Infact, **intra-day trades are desirable**. Indian Forex Exchanges (2 major ones include mcx-sx.com and nseindia.com) trade for 8 hours presently 9:00 AM to 5:00 PM. The 16 hours trading in global markets from 5:00 PM (Indian Standard Time) to 9:00 AM, when Indian Forex Exchanges are closed result in Gap Up or Gap Down openings on many occasions in Indian markets. So, intra-day is the Best strategy.

## Major Factors Impacting Forex

- Domestic Economic Condition, Inflation, Interest rates, Growth Prospects.
- Foreign Trade Balance (Net of Exports & Imports)
- Domestic Investments abroad & Foreign Investment in local economy.
- Global Economic Conditions & Forex movement against each other in major currencies like US\$ and EURO. Dollar Index is an important global currency indicator being tracked.
- Prices of Bullion (Gold & Silver), Crude etc.

## What is DOLLAR Index

**US Dollar Index (USDIX)** is an Index (or measure) of the US\$ value relative to a **basket of 6 Currencies** (The Weight of each currency can fluctuate depending on its movement vs the other USDIX Currencies):

EURO (EUR) 57.6% Weight  
Japanese Yen (JPY) 13.6% Weight  
British Pound (GBP) 11.9% Weight  
Canadian Dollar (CAD) 9.1% Weight  
Swedish Krona (SEK) 4.2% Weight  
Swiss Franc (CHF) 3.6% Weight

USDIX Goes up when US\$ gains, compared to other 6 Currencies and Vice-Versa.

**Forex Trading can be good entry point for day Trading beginners. Besides present intra-day traders have good Low Risks & Low margin “Add-On” avenue to their existing trading systems.**

**We have been helping Clients through the early morning “Forex” Newsletter available on our website “[parasramindia.com](http://parasramindia.com)”**



Most of the Investors and Traders are familiar with the words like “Derivatives”, “Futures” and “Options” Futures are simpler and they are like taking position in Cash market. We are highlighting some key Points in OPTIONS, which can help Traders in better Fund Management in Options.

**What is an Option?** A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

**Buyer of the Option:** The buyer of an option is the one who by paying the option premium buys the right but not the obligation to exercise his option on the seller/writer. **His Risk is limited to the extent of Premium paid, his rewards are unlimited, if the move is in favorable direction.**

**Seller/Writer of the Option:** The writer of a call/put option is the one who receives the option premium and is thereby obliged to sell/buy the asset if the buyer exercises on him. **His Reward is limited to the extent of Premium received by him, his Risks are unlimited if the move is in Unfavorable direction.**

**There are two basic types of options, Call options and Put options**

**Call Option:** A call option gives the holder the right but not the obligation to buy an asset by a certain date for a certain price.

**Put Option:** A put option gives the holder the right but not the obligation to sell an asset by a certain date for a certain price.

**In-the-money option: An in-the-money (ITM)** option is an option that would lead to a positive cash flow to the holder if it were exercised immediately. A **Call Option** on the index is said to be in-the-money when the current index stands at a level higher than the strike price (i.e. **spot price > strike price**). If the index is much higher than the strike price, the call is said to be deep ITM. In the case of a put, the **put is ITM if the index is below the strike price.**

**At-the-money option: An at-the-money (ATM)** option is an option that would lead to zero cash flow if it were exercised immediately. An option on the index is at-the-money when the current index equals the strike price (i.e. **spot price = strike price**).

**Out-of-the-money option: An out-of-the-money (OTM)** option is an option that would lead to a negative cash flow if it were exercised immediately. A **Call Option** on the index is out-of-the-money when the current index stands at a level which is less than the strike price (i.e. **spot price < strike price**). If the index is much lower than the strike price, the call is said to be deep OTM. In the case of a put, **the put is OTM if the index is above the strike price.**

**The various Factors impacting Value of Options**

Impacting Factor	CALL Option	PUT Option	Explanation
Rise in Price	Increase	Decrease	Direction Favors CALL Buyer
Fall in Price	Decrease	Increase	Direction Favors PUT Buyer
Higher Strike Price	Low Value	High Value	OTM for Call & ITM for PUT
Lower Strike Price	High Value	Low Value	OTM for PUT & ITM for Call
Rise in Interest	Increase	Decrease	Rise in Futures Cost
Fall in Interest	Decrease	Increase	Fall in Futures Cost
High Volatility	Increase	Increase	Options Premium Rise with High Uncertainty
Low Volatility	Decrease	Decrease	Options Premium Fall with Low Uncertainty
More Time to Expire	More Value	More Value	Risks with Time & Costs are high
Less Time to Expire	Less Value	Less Value	Risks with Time & Costs are Less
Dividends	Decrease Value	Increase Value	Prices generally Fall Ex-Dividend

**Huge Upcoming Opportunity:** Presently, Option are Traded in Indices, a few Selected F&O Stocks and US\$/INR pair on NSE. Like Global markets, Options are likely to be allowed in all Derivative Exchange Traded Currencies, all Commodities etc. in time to come. There will be huge opportunity for Traders, Investors, Hedgers and Speculators.



## Safest Way to Invest in **GOLD**: GOLD ETF

**GOLD** has traditionally being the most preferred Investment Option in India. Financial Products emerged as Investment Options barely 100 Years back for common man. Historically, most of the people did not have enough money to buy land. Even today, skyrocketing land rates, Very high transaction costs and Lack of transparency in pricing etc. act as deterrent in making Land as preferred Investment destination.

For generations, GOLD Jewellery was the only investment alternative to investors. But Jewellery has its own limitation, as Processing charges by Goldsmiths, physical risks with carrying and storage of Jewellery, high transaction costs, depreciation of GOLD value in Jewellery etc.

For buying GOLD Bars/Bricks there are various legal restrictions and these bars are of minimum physical weight and value as a result thereof. Again Risks involved in keeping Physical GOLD. Further, there are very limited reliable organizations that deal in GOLD Bars/Bricks.

Commodity Exchanges like MCX & NCDEX have also emerged in past 4-5 years, BUT here too, if delivery is to be taken, its of Fixed Pre-determined quantity by Exchanges and Sales Tax/VAT Registration is required for taking delivery from Exchanges. For Traders, MCX and NCDEX are good platforms. **We regularly guide traders on day to day basis, on their positions in MCX**, in not only GOLD but also other Commodities like SILVER, CRUDE, Copper, Nickel etc. Traders can refer our morning Report "**Commodities Views**" sent via E-Mail 5 days a week.

**The Best Way to Invest in GOLD** Invest through your **DEMAT A/C (GOLD ETF)**:

- There is NO Risk of carrying physical GOLD. Gold units are credited in Demat A/C like Share units.
- The transaction costs are the minimal. Its same as in Buying or Selling Shares.
- There is very high transparency in Pricing of GOLD units.
- There are No Risks of any adulteration or impurity that may accrue in physical GOLD bought from non reliable sources.
- Investors can buy or sell, as small unit as 1 gram on NSE.
- The only disadvantage is, you can not wear the GOLD units in DEMAT like you wear Jewellery.

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