

Week 19-23 September 2011

Date : 24 September 2011

In last Weekly Snapshot, we expected a Correction and it came too sharp & too harsh. Thanks to Pessimistic Statements from Mr. Ben (US Fed Chief). **The World is Re-Acting to “News Paper Cover”** (Discussed in details later). If a long term view is taken, **The Risk-Reward Ratio is highly Favorable to the Bulls.**

This is Expiry Week and don't expect much of movement either side, though there will be a lot of action Intraday.

Nifty Weekly Charts (Last 12 Months Data)

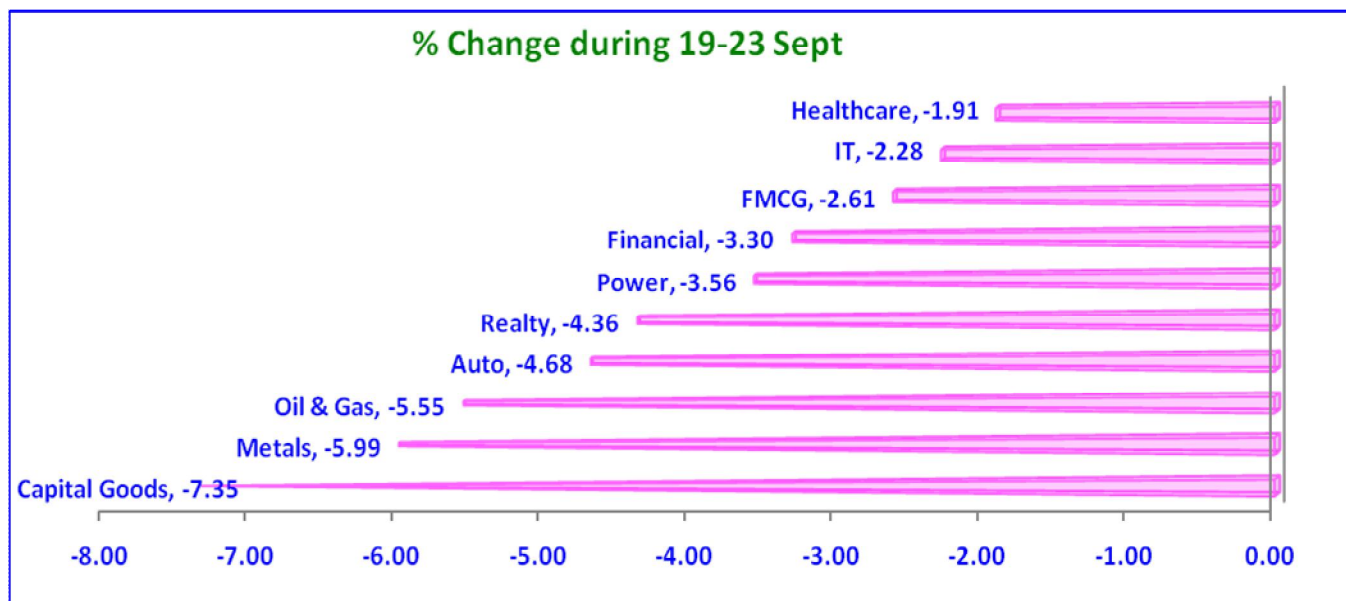


Key Levels for Next Week

Support: 4800-4750-4700

Resistance: 4900-4950-5050

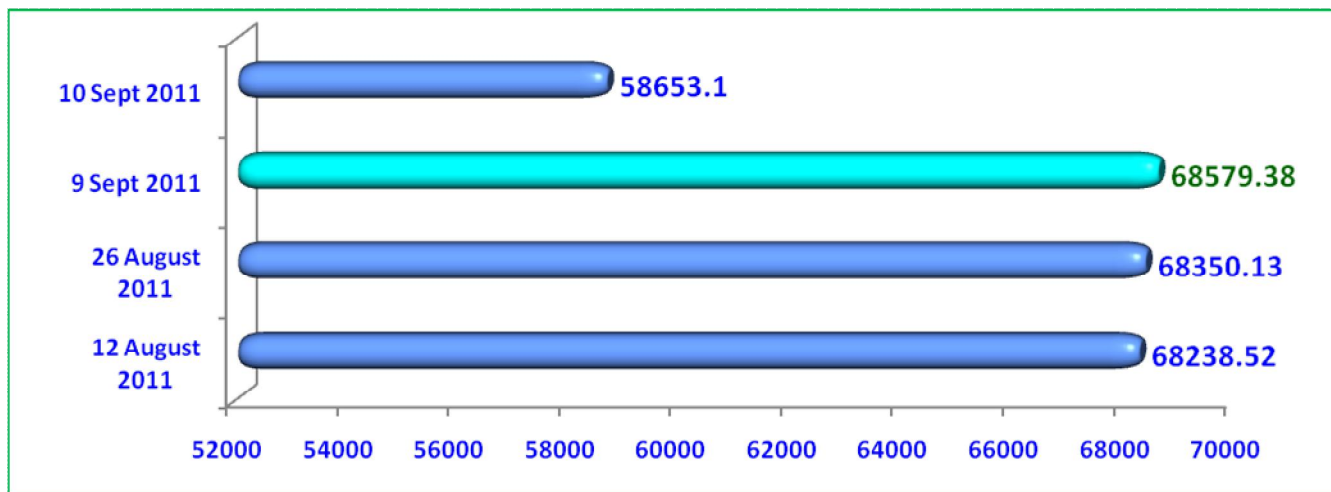
Sectoral Moves During the Week





Weekly Snapshot

Money Supply Data is published Fortnightly (15 Days), Money Supply M3 (INR Billion)



Next Week Stock Watch: Corporate Action

BSE Code	Scrip	Date	Purpose	(Rs.)
532212	Archies	23-Sep-11	Final Dividend	0.4
590076	Camson Bio-\$	23-Sep-11	Dividend	1
503699	Geodesic	23-Sep-11	Final Dividend	1.4
530709	Gowra Leasing	23-Sep-11	Dividend	1.4
530719	IKF Finance	23-Sep-11	Dividend	1
501700	Indianivesh	23-Sep-11	Final Dividend	1
530747	Indo Asian Fin	23-Sep-11	Dividend	0.3
532342	IT People-\$	23-Sep-11	Dividend	0.1
507789	Jagsonpal Phar	23-Sep-11	Dividend	0.5
524826	Jupiter Biosc-\$	23-Sep-11	Dividend	1
507779	Kanpur Plast	23-Sep-11	Dividend	1
506022	Prakash Inds	23-Sep-11	Dividend	1
532384	Tyche Inds	23-Sep-11	Dividend	0.5
500464	UCAL Fuel	23-Sep-11	Dividend	4
530459	Valson Inds-\$	23-Sep-11	Dividend	1
512175	Vama Inds	23-Sep-11	Dividend	0.2
524687	Basant Agro-\$	26-Sep-11	Final Dividend	0.07
532332	Cura Tech	26-Sep-11	Dividend	0.2
532287	Entegra	26-Sep-11	BONUS 4:13	-
512493	Garnet Intl	26-Sep-11	Dividend	1
509627	Hindustan Dorr	26-Sep-11	Dividend	0.8



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500378	Jindal Saw	26-Sep-11	Dividend	1
522259	Kalindi Rail-\$	26-Sep-11	Dividend	1
533451	Karma Energy	26-Sep-11	Dividend	0.5
502587	Rama Pulp	26-Sep-11	Dividend	0.5
531869	Sacheta Metals	26-Sep-11	Dividend	0.25
522175	Shiv Vani Oil-\$	26-Sep-11	Dividend	2
500402	SPMLINFRA	26-Sep-11	Dividend	0.5
532790	Tanla Solutions	26-Sep-11	Final Dividend	0.1
500400	Tata Power	26-Sep-11	Stock Split from Rs. 10/- to Re. 1/-	-
513534	Vardhman Inds-\$	26-Sep-11	Dividend	1
530627	Vipul Dye Chem	26-Sep-11	Dividend	0.8
532660	Vivimed Labs	26-Sep-11	Final Dividend	2
523011	Weizmann	26-Sep-11	Dividend	0.5
533452	Weizmann Forex	26-Sep-11	Dividend	2
511200	Munoth Capital	27-Sep-11	Final Dividend	0.3
531688	Prithvi Soft	27-Sep-11	Dividend	0.5
532516	Surya Pharma	27-Sep-11	Final Dividend	0.15
521163	Zodiac Cloth	27-Sep-11	BONUS 1:2	-
500092	CRISIL	28-Sep-11	Stock Split from Rs. 10/- to Re. 1/-	-
500483	Tata Comm	28-Sep-11	Dividend	2
532789	Nissan Copper	29-Sep-11	Consolidation of Shares	-
533576	VASWANI IND	29-Sep-11	BONUS 1:4	-
500103	BHEL	03-Oct-11	Stock Split from Rs. 10/- to Rs. 2/-	-
531531	Hatsun Agro	03-Oct-11	Stock Split From Rs. 2/- to Re. 1/-	-

Bull vs Bear: What you should do now..??

Lets begin with, where we left the 1st para of this **Weekly Snapshot Reaction to Newspaper Cover (i.e. to Well Publicized news)**.

We begin with PRECIOUS METALS-Gold & Silver. Everyone on the Financial Streets to Village Streets could be heard saying “Gold will be 35,000 by Diwali, Silver 75000....” Even many of Media channels had No other News BUT to show their worry about Northward Cruising Price of Precious Metals ahead of the Most Important Festival seasons in the SAARC region (which has traditionally being among the largest buyer of Ornaments). **Where are Gold & Silver today..??**

Retail Buying is evident in these Commodities, as Smart Money has already offloaded its most of holding.

Think..!! Gold & Silver are No Wheat & Rice that you have consume to survive. Gold lost its significant as barometer of Currency about 4 decades back when Vietnam War began.



Gold & Silver don't pay you annual dividend/interests like Financial Assets. You can not grow anything or construct on these as you can do on Real Estate. They have Value of Gradual capital appreciation, as all assets gradually become costlier with rising population & purchasing power in the World. And they can be very easily converted into any other asset or currency. Eg. INR may not find any taker in Reykjavic or Belize City, similarly Icelandic Krona or Belize Dollar may not find many taker in New Delhi. But Gold & Silver can be easily converted in local currency whether its India, Iceland or Belize. With increase in working female population, rising Global Crime graph, gaining Fashion of plastic/alloy Jewellery these precious metals are gradually losing charm in day to day wearing.

If Smart Money is exiting Gold & Silver, where is it heading..?? Definitely not into Banks Current Accounts.

Real Estate Bubble had bad burst in developed nation and it will take very long to recover the wounds. In Emerging Markets its strictly controlled in China and there are local issues in India. Given the highly illiquid nature and highest transaction costs among various assets classes in Land Assets, "Hot Money" taste doesn't match with Real Estate.

Don't Expect much Fund Flow into Real Estate. Then where..??

Currencies are good for hedging & Trading BUT this Asset class has direct intervention by Governments. The Market Freedom is restricted the respective Central banks, as Sharp movement in Forex had direct impact on economic balances.

Smart Money strictly follows Mantra "Be Greedy when Others are Fearful and Be Fearful when others are Greedy"

Today, the news that can be heard from every Tom, Dick & Harry is.....Trouble in Europe, Double Dip Recession in US. World economies towards 2008 like situation...blah blah blah....!!

There is Big Difference between 2007-2008 and Now:

2008 was a Giant Assets Bubble BUT today Smart Money is Changing its Class.

In **2007-2008** every Asset was funded by margins. From Real Estate to Stocks, Commodities to Bonds (Bonds mainly in developed markets), all were funded on margins and Rising Assets Prices were "Castles In Air". Things were going on well so long as it was Uptrend all over.....But once a negative signal emerged in form of confirmation of Slowdown in late 2007, the Balloon landed on needle tip. Real Estate, Stocks, Bonds, Metals, Crude, Gold-Silver etc. all fell as if suddenly someone changed the gear from Top to Reverse in an F1 car and threw all power with Full Trottle.

To Quote a legendary investor " When Tide is High Small Boats rise to the height of a Ship.....But when the tide is low you get to know who was swimming naked."



What **differs in 2011** .? There is No Bubble like what was in 2007. Its just the circulation of Smart Money among various Assets Classes.

When Global recovery started in 2009, Smart Money was in Equities.

When US & Europe started to get nervous, Smart Money was in Precious Metals.

Real Estate was not given much importance (the way it was in 2007), as it is highly illiquid Asset Class with poor transparency of pricing and high transaction Costs.

Now **Smart Money is in Bonds/Treasuries**. (We suggested G-Secs to Investors about 2 months back. Please see **Parasram Monthly Mantra** of AUGUST & then September).

PROOF: In spite of RBI increasing the rate recently, Repo is 8.25% and Reverse Repo is 7.25% after 16 Sept hike the Bond Yield have not gone up. The G-Sec Yield stand as (Even though these Bonds have built in Interest):

1 Year 8.26%

3 Year 8.26%

5 Year 8.31%

10 Year 8.32%

Globally also Bonds are in uptick. And the Yield curve is raising Left to Right on Yield-Time Chart. Danger is Inverted Yield Curve-Left to Right falling (i.e. Short Term Yields higher than Long term Yields which is sign of Recession) which is not there. Just unwanted Fear, Fear and Fear.

Smart Money seems to be Reading very well that going ahead Interest rates will be cooling. Falling Interest rates directly benefit Equities. And as the masses act on Well publicized news of all Global fears, **Equities are the next destination for Smart Money**.

Mind it, **Falling Interest Rates directly benefit those who have huge exposure to G-Secs**. G-Sec Mutual Funds and Banks, especially **PSU banks** are noteworthy here.

Inflation: Another “Newspaper Cover” Fear. With Commodities Prices Cooling Off, Agriculture Output rising, how long can the Inflation remain at high levels.?? UP Elections in less than a year, followed by 5 North Indian states and then central Govt going to voters in next 18 months. Fair chances of a figure of 4-5% very much possible. And big base will also play role ahead in shrinking Inflation figure.

So, all indications of better days for equities and it’s the last leg of Pain left.

Lets analyze, what is the worst for market.?? 2008 like situation is ruled out. Will people stop eating, stop buying clothes, stop transportation, stop buying electronic gizmos & automotives.?? When sales figure has to be better on longer term charts, then how can markets sink on long term charts.??

Yes, in **short term its anybody’s game**. Fearful market can tank further, may be another 5-8%. In next few weeks.?? Some scrips may fall much more and others may not and still **a few may go up..!!** But Over-Sold markets give very sharp upmove recovery and those who are waiting for the bottom, never get it.

BUY Large Caps as they will be the 1st to move up. Once Large caps have moved up and there is strength in upmove, smaller ones follow.

Anything in extreme is at its end. Once Fears & Bears are gone and you still wait and wait, by the time BULLS are fully in control.

Just look at the following heavy weights, and where they can go when sentiments are even slightly better:

Scrip	CMP	Achievable targets	Potential Upside
SBI	1950	2600	33.33
PNB	970	1250	28.87
Reliance Ind	770	1000	29.87
AXIS bank	1086	1350	24.31
ICICI bank	840	1100	30.95
HDFC	625	800	28.00
HDFC Bank	456	525	15.13
SAIL	100	150	50.00
TATA Steel	432	550	27.31
ONGC	257	320	24.51
TCS	990	1200	21.21
HINDALCO	133	170	27.82
IDFC	109	145	33.03
Larson	1451	1750	20.61

Though these scrips may see, some more downside but once sentiments improve, these will be leaders. The targets are with neutral sentiments, when sentiments are bullish the upside can be further 15-20% from the targets that are being looked today. **When the giants move so much, where will be NIFTY..??** But this won't happen in a day or two. **These are good times for investors to start putting in funds** and once the large caps are done with, switch to Mid caps and then Small caps.

Investors can also look at DIVIDEND Yield scrips like Andhra Bank, Corporation Bank. Takeover targets from Financial sector like City Union, Federal bank etc.



Weekly Snapshot



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Shri Parasram Commodities Pvt. Ltd.

FMC Regn. No. -NCDEX/TCM/CORP/0572, MCX/TCM/CORP/0828,

For Further Information Please Contact at:

**Parasram House,
B-7 Nimri Shopping Centre, Bharat Nagar,
Ashok Vihar IV, Delhi – 110052 (India)
+91.11.47000000
Visit us @ www.parasramindia.com**