

INDICES

	Today	Prev.	Change
BSE	17574.53	17570.82	3.71
NSE	5269.05	5262.60	6.45
DJIA	10143.81	10450.64	-306.83
NASDAQ	2223.48	2309.80	-86.32
FTSE	5046.47	5250.84	-204.37
DAX	6070.60	6216.98	-146.38
CAC	3519.73	3687.21	-167.48

ACTIVITY INDICATORS**Market Breath (BSE)**

Number of Advance	1148
Number of Declines	1696
Unchanged	115
Total Trades	2959

BSE GAINERS (TOP 5)

Company	Today	Prev.	%Change
Asian Tea	36.3	30.25	20
Vista Pharma	8.67	7.23	19.92
Hanil Era Tex	6.09	5.08	19.88
Zenith Birla	28.95	24.15	19.88
Onward Tech	25.65	21.4	19.86

BSE LOSERS (TOP 5)

Company	Today	Prev.	%Change
Phoenix Intl	22.85	25.35	-9.86
Mavens Bio	36.6	40.45	-9.52
FCS Software	3.83	4.22	-9.24
Arms Paper	11	12	-8.33
Axtel Inds	10.06	10.89	-7.62

INSTITUTIONAL ACTIVITY (Rs in Crs)

	BUY	SELL	NET
FII's (NET)	1297.86	1605.48	-307.62
DII's (NET)	1185.32	1631.52	-446.20

CURRENCIES & BOND MARKET

	Today	Prev.
Rs/ US \$	46.27	46.16
Rs/ Euro	56.99	57.14
Euro/US \$	1.2300	1.2384

COMMODITIES

	Today	Prev.
Nymex Oil (US\$/bbl)	77.16	76.42
Gold (US\$/oz)	1253.45	1256.95

Market News➤ **Nifty, Sensex market remains flat**

Equity benchmarks - Nifty and Sensex ended flat this week. The BSE Healthcare Index was up 2.9% and FMCG Index up 2.8%. Oil & Gas Index rallied 3% post EGoM decision. The government has decided to free petroleum products from its clutch which will be now driven by the market rates. However it has hiked diesel and cooking fuels price from midnight, as the Empowered Group of Ministers (EGoM) has given a nod to the price-hike. The oil ministry has said that no decision has been taken in duty on oil products.

BPCL shot up 19%, HPCL surged 17.5% and IOC was up 12.5%. ONGC gained 5.7% and Essar Oil was up 9.5%. Cairn went up 2%. Among other frontiers, Idea Cellular jumped 5.5%. Reliance Communications and Reliance Capital shot up 5% each. However, HCL Technologies tumbled 8%. Wipro and JSPL were down 4.5%. Tata Motors declined 4%. The Nifty Junior Index was up 1.5%. CNX Midcap Index rose 0.8% and BSE Small Cap Index went up 1.5%.

➤ **Banks, Oracle boost Wall Street but post their first negative week**

US stocks rose on Friday as a rally in bank shares and a focus on positive results from Oracle buoyed a market that struggled for direction after mixed economic data. Financial shares gained after lawmakers agreed on an overhaul of regulations in an all-night session, but the bill must still be approved by both chambers of Congress before it can be signed into law. Oracle Corp's quarterly profit beat expectations as sales of new software rose, signaling the tech spending recovery is on track. Oracle added 4.1 percent to USD 23.13. The Dow Jones industrial average gained 19.58 points, or 0.19%, to 10,172.38. The Standard & Poor's 500 Index rose 6.71 points, or 0.62%, to 1,080.40. The Nasdaq Composite Index added 14.20 points, or 0.64%, to 2,231.62.

Despite the day's gains, the main indexes were set to post their first negative week in three and the weakest in the past five. The week's high and low points covered a wider span than last week's. Closing below the previous week's low in an "outside week" is seen as a technical bearish signal. Consumer sentiment rose in June to its highest point since January 2008, a survey showed, but separate data showed first-quarter economic growth, measured by gross domestic product, was slower than previously estimated.

➤ **Asian Stocks Decline as Housing Sales Spur Concern U.S. Growth Faltering**

Most Asian stocks fell, sending the MSCI Asia Pacific Index to its third weekly decline in four as a slump in U.S. housing sales triggered concern growth in the world's biggest economy is faltering. The MSCI Asia Pacific Index dropped 0.5 percent. It has lost 4 percent this year on concern Greece and other European countries will struggle to curb their budget deficits and repay debt.

Economy News➤ **India Drops Gasoline, Diesel Price Controls to Cut Spending, Help Refiners**

India decided to free prices of gasoline and diesel, saying they would be market driven in line with a panel's recommendations, to cut fuel subsidies and limit losses of state-run refiners including Indian Oil Corp. Following the price-hike, petrol will get costly by Rs 3.50 per litre, diesel by Rs 2 per litre, kerosene by Rs 3 per litre while LPG will be hiked to Rs 35 per cylinder. Prospects of improved profitability from free pricing and expanded fuel retailing by private refiners boosted their shares. A lower fuel subsidy bill may help Prime Minister Manmohan Singh reduce the fiscal deficit to 5.5 percent of gross domestic product this financial year from an estimated 6.9 percent last year.

State-run refiners had their biggest gain in more than a year. Indian Oil Corp., the nation's biggest state-owned refiner, soared 11 percent, the most since May 21, 2009, to Rs. 377.95 in Mumbai yesterday. Bharat Petroleum Corp. gained 13 percent and Hindustan Petroleum Corp. surged 14 percent, both rising the most since May 18, 2009. The benchmark Sensitive Index fell 0.9 percent.

Essar Oil, which owns 1,300 retail fuel stations in India, said the consumer will benefit through competitive pricing and better services offered at outlets. This decision creates a level playing field between government-owned and private-sector fuel retailers. Reliance Industries gained 1 percent to 1,062.95 rupees and Essar Oil climbed 6.4 percent to 137.65 rupees yesterday. The increase in gasoline and diesel prices is the third this year. The government raised auto fuel prices for the first time on Feb. 27 after Mukherjee imposed import duty and excise tax on crude oil and refined products. State refiners were then allowed to increase rates on April 1 after they started selling Euro IV-compliant motor fuels.

Particulars	Revised Rates	Old Rates
Petrol	Rs 55.58 per litre	Rs 52.2 per litre
Diesel	Rs 41.98 per litre	Rs 39.88 per litre
LPG	Rs 348.45 per 14.2 Kg	Rs 315 per 14.2 Kg
Kerosene	Rs 12.27 per litre	Rs 11 per litre

➤ **Fuel price hike to push inflation by 90 bps: Kaushik Basu**

The fuel price hike will push monthly core inflation up by 0.9 percentage points or 90 basis points—that's the word from the government's Chief Economic Adviser Kaushik Basu. Basu however adds that no corrective measures are required for inflation as of now as the fuel price deregulation will help shrink fiscal gap. Expecting fiscal deficit to be lower than 5.5%, Basu says he sees inflation down to acceptable levels by December. "I see inflation below 5% by March." The fuel reforms, he says, will help ease its prices in six to nine months. He doesn't see the Reserve Bank of India acting on inflation due to fuel price hike and fees, that the RBI is closely watching inflation and will act accordingly.

➤ **India's food inflation accelerates to 16.9%**

Inflation in the food as well as non-food groups climbed in the second week of June, while fuel group inflation remained unchanged. Stubbornly high food inflation has been a major headache for policymakers, and if prices do not show any sign of moderation in the coming days, the RBI will be forced to act ahead of its scheduled policy meet in late July. It may be recalled that WPI-based inflation shot up to 10.16% in May from 9.59% in April, while the March figure was revised to over 11% from 9.9%.

The data issued by the Commerce & Industry Ministry on 24th June revealed that inflation in the Food Articles group rose to 16.90% in the week ended June 12 from 16.12% in the previous week. It was at 9.26% in the year-to-date period. The index for 'Food Articles' group rose by 0.7% to 295.3.

World News➤ **US GDP Growth Revised Down To 2.70%**

US real gross domestic product (GDP) was revised down to an annualized rate of 2.7% in the first quarter of 2010 after increasing 5.6% in the fourth quarter, according to estimates released Friday by the Bureau of Economic Analysis. The first-quarter growth rate was revised down 0.3% from the second estimate released in May. The moderation in real GDP growth primarily reflected a sharp slowdown in inventory investment as well as slowdowns in exports and business investment in equipment and software. In addition, housing turned down. However, these contributions to the slowdown in real GDP growth were partly offset by a strong pick up in consumer spending, especially for durable goods.

Real exports of goods and services also increased 11.3 per cent in the first quarter, compared with an increase of 22.8 per cent in the fourth. The change in real private inventories added 1.88 percentage points to the first-quarter change in real GDP, after adding 3.79 percentage points to the fourth-quarter change. Private businesses increased inventories \$41.2Bn in the first quarter, following decreases of \$19.7Bn in the fourth quarter and \$139.2Bn in the third.

➤ **Yuan appreciation will be gradual: China**

China on Tuesday reiterated that gains in the yuan will be gradual and there was no scope for any one-time big bang revaluation, setting at rest market conjecture on the extent of Beijing's proposed currency reform. It may be recalled that the yuan (also known as the renminbi) notched up its biggest gain in five years against the dollar on Monday and also closed at its highest levels since July 2005 after ending a two-year peg to the US currency.

Foreign Ministry spokesman Qin Gang said that Beijing would act on the yuan as it saw fit and would not be rushed into any action on currency management by international pressure. "I want to stress that we will adhere to further reforming the renminbi's (RMB) exchange rate formation mechanism following the principles of maintaining initiative, controllability and gradualness, enhancing the elasticity of the exchange rate. This direction will remain unchanged," he said.

The yuan declined the most since December 2008 today on speculation that the People's Bank of China (PBOC) will intervene to limit gains after pledging to let it float somewhat more freely. The yuan surged 0.42% on 21st June, the biggest increase since July 2005, and climbed a further 0.1% initially on 22nd June. The central bank set the yuan's daily reference rate at 6.7980 per dollar today compared with 6.8275 on 21st June. The yuan is allowed to fluctuate 0.5% either side of that rate.

➤ **Osborne to Introduce U.K. Bank Levy on Balance Sheets**

Britain will raise more than 2 billion pounds (\$2.94 billion) a year through a levy on bank balance sheets designed to discourage risky practices, according to Chancellor of the Exchequer George Osborne. From January 2011, bank levy is to be introduced.

France and Germany pledged a similar tax. The levy will fall on British banks and building societies with assets of 20 billion pounds or more, as well as branches and subsidiaries of overseas lenders in the U.K. starting in January, Osborne told the House of Commons as he presented the new coalition government's emergency budget today.

The British levy will be matched by France and Germany, according to a joint statement from the European Union's three biggest member states today, and will "ensure a level playing field." In January, President Barack Obama proposed a levy on banks and financial institutions with assets of more than \$50 billion in an effort to recover "every single dime" that taxpayers put into bailed-out banks.

Corporate News

➤ **RIL and RNRL ink revised gas supply pact**

Reliance Industries Ltd. (RIL) and Reliance Natural Resources Ltd. (RNRL) announced the signing of a revised gas supply master agreement (GSMA). RNRL said that the new GSMA with RIL was signed on June 25 pursuant to the judgment of the Supreme Court, dated May 7. RNRL also said that it will now take appropriate steps requesting the Government of India for expeditious allocation of natural gas to facilitate implementation of the same.

The price, quantity and the tenure of the natural gas to be supplied by RIL to RNRL from its KG basin block will be decided by the Government. However, some reports suggest that the new GSMA between the two companies entails supply of 28 mmscmd natural gas for 17 years at US\$4.20 per mmbtu. RIL said that the GSMA is compliant with the government's Gas Utilization Policy and EGoM decisions.

➤ **RIL buys 45% in US Shale gas JV for USD 1.36 Bn**

Reliance Industries will invest USD 1.36 Bn in the US shale gas assets of Pioneer Natural Resources, its second such investment in as many months as it builds business beyond the Indian energy sector. Under the agreement, India's largest listed company will make a cash payment of USD 263 Mn for a 45% stake in US firm Pioneer's Eagle Ford shale acreage in south Texas. Reliance said it will also contribute USD 1.052 Bn towards drilling costs over four years. The deal is expected to close within five business days. The deal is the second this year in the promising US shale gas sector for Reliance, a petrochemicals-to-refining giant with a market value of USD 75 Bn, making it India's most-valuable company. The deal had been widely expected and Reliance shares were little changed on Thursday.

Our views on Indian Equity Markets

Last week outlook on Indian Equity markets was in line with our expectations. For the coming week, we expect positive impact of deregulation of petroleum prices on Indian Equity markets to continue till Tuesday, however, later we expect Sensex to be in the range of 17300 - 17400. Hence, we advice our investors to invest in bluechip companies to overcome adverse impact on their portfolios.

Happy Investing!!!

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