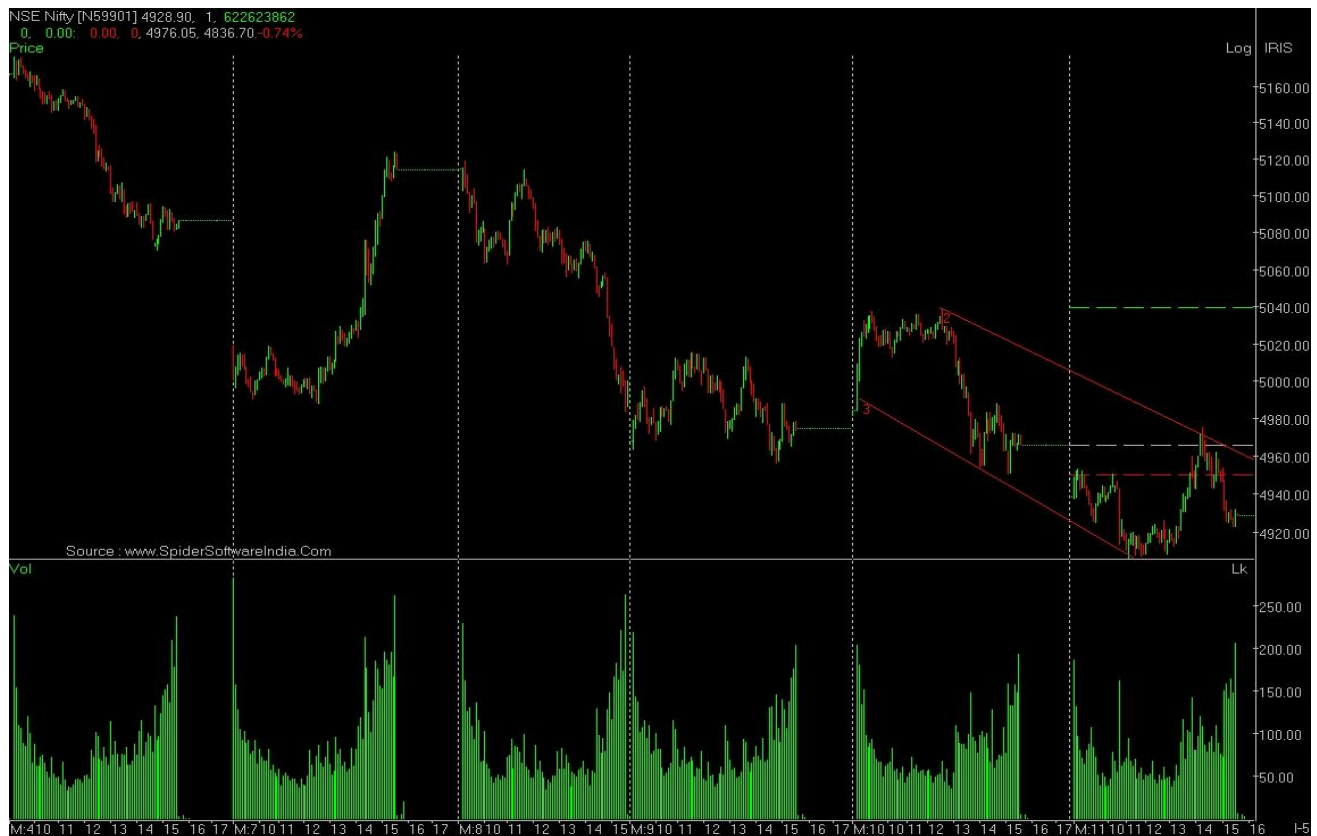


Morning Report

Your Financial Breakfast

MAY 14, 2012 (08:30 AM)





S&P CNX NIFTY- DAILY CHART

Market Outlook

Nifty to move in a range of 4,900-5,000

Nifty started the week (07-11 May, 2012) on strong positive note backed by positive cues from global arena. It marched strongly on the very first day of the week,. After breaching psychological mark of 5,100 nifty paused for a break, fell slightly, below psychological mark and could not able to maintain that strength. On the last day of trading week nifty again fell shapely because of weak IIP data.India's Industrial output unexpectedly contracted 3.5% in March as against 4.1% in February. Market had expected output to grow 1.5%. Capital goods, mining and manufacturing sectors too came in negative. Global market too were under pressure after widening US trade deficit and JP Morgan's surprised trading loss of USD 2 billion. US trade deficit widened to USD 51.8 billion as against USD 45.4 billion MoM while expectations at USD 49.5 billion. Nifty is expected to remained range bound over the next few days ahead of the F&O expiry which is due on September 30, 2010. Technically, the trend, which is now up, could test its next major resistance around 5,000, and if Nifty crosses this level, it can go further up to test 5,100 level. On the downside, the levels of 4,900 will play major support and a fall below these levels can drag Nifty to 4,800 levels. The technical momentum indicators are still supporting its downtrend move. MACD showing negative divergence and RSI is at 29 levels with negative crossover which is also suggesting down movement.

MARKET STATISTICS

| | | | |
|------------------|---------|--------|-------|
| S&P CNX NIFTY | 4945.8 | 16.9 | 0.34% |
| CNX NIFTY JUNIOR | 9686.15 | 22.35 | 0.23% |
| CNX IT | 5843.5 | 12.7 | 0.22% |
| BANK NIFTY | 9449.55 | 51.45 | 0.55% |
| INDIA VIX | 22.97 | 0.49 | 2.17% |
| CNX 100 | 4850.9 | 15.85 | 0.33% |
| S&P CNX DEFTY | 3197.55 | 10.3 | 0.32% |
| S&P CNX 500 | 3937.85 | 9.6 | 0.24% |
| CNX MIDCAP | 6973.9 | -11.85 | 0.17% |
| NIFTY MIDCAP 50 | 2029.3 | -3.8 | 0.19% |
| CNX INFRA | 2193.65 | 1.8 | 0.08% |
| CNX REALTY | 205.7 | -0.85 | 0.41% |

NEWS TO WATCH:

1. Tata Motors can easily go up to Rs. 317-320 .
2. Sensex rises ahead of April inflation data.
3. IDFC has strong support at Rs 113-115.
4. Neutral on UltraTech Cement.

TODAY'S HOT PICKS

| STOCK | ACTION | Prev. Closing | TGT | SL |
|-------------|--------|---------------|-------------------|-------|
| JSWSTEEL | SELL | 629.10 | 623/617/611 | 638 |
| ARVIND | SELL | 77.10 | 76.35/75.50/74.75 | 78.20 |
| TATA MOTORS | BUY | 298.85 | 302/305/308 | 293 |
| BPCL | BUY | 700.90 | 708/716/724 | 690 |

SHORT TERM OUTLOOK ON STOCKS

Stocks with short term Bullish Outlook

| STOCK | S1 | S2 | R1 | R2 |
|-------------|--------|--------|--------|--------|
| TATA MOTORS | 286.30 | 282.30 | 296.20 | 302.10 |
| BPCL | 690.30 | 679.70 | 712.90 | 724.95 |

Stocks with short term Bearish Outlook

| STOCK | S1 | S2 | R1 | R2 |
|----------|--------|--------|--------|--------|
| JSWSTEEL | 600.10 | 671.05 | 664.90 | 700.75 |
| ARVIND | 74.80 | 72.45 | 79.10 | 81.10 |

IMPORTANT NOTES TO REMEMBER

- **Trading without stop loss is dangerous.**
- **Most of Retail investors lose in stock market because of Emotional trading i.e. holding the Loss positions for long time and exiting profitable positions early. The only way to win in stock market is realizing your losses early and let run the profits till their full extent.**
- **Most of Retail investors do not complete their homework before entering in a trade. It is important to have a complete trading plan before entering any trade. Remember, failing to plan is planning to fail.**
- **Never ever indulge in Day dreaming in stock market. Always remember that Trend is your friend, so trade the trend, not whipsaws.**
- **Neither listen to rumors nor trade them. Only trade based on solid research.**
- **Please Log on to www.meritscapital.com for trading calls during the day.**
- **Please also refer to our Trading Guidelines at the website.**

DISCLAIMER

The information and views presented in this report are prepared by Merits Capital Markets Services Pvt. Ltd. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither Merits Capital Market Services Pvt. Ltd. nor any person connected with any associate companies of Merits accepts any liability arising from the use of this information and views mentioned in this document.

The author, directors and other employees of Merits Capital and its affiliates may hold long or short positions in the above mentioned companies from time to time. Every employee of Merits Capital and its associate companies are required to disclose their individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Merits Capital. All employees are further restricted to place orders only through Merits Capital Market Services Pvt. Ltd. This report is intended for a restricted audience and we are not soliciting any action based on it. Neither the information nor any opinion expressed herein constitutes an offer or an invitation to make an offer, to buy or sell any securities, or any options, futures nor other derivatives related to such securities.

MERITS CAPITAL MARKET SERVICES PVT. LTD.

NSE Member Id:012500 SEBI Reg:231250037

Regd. Off. : 65, Old Rajendra Nagar, New Delhi – 110060

Phones : 42677777 (40 Lines) Fax : 011-25767658

Web Site: www.meritscapital.com E-mail: info@meritscapital.com