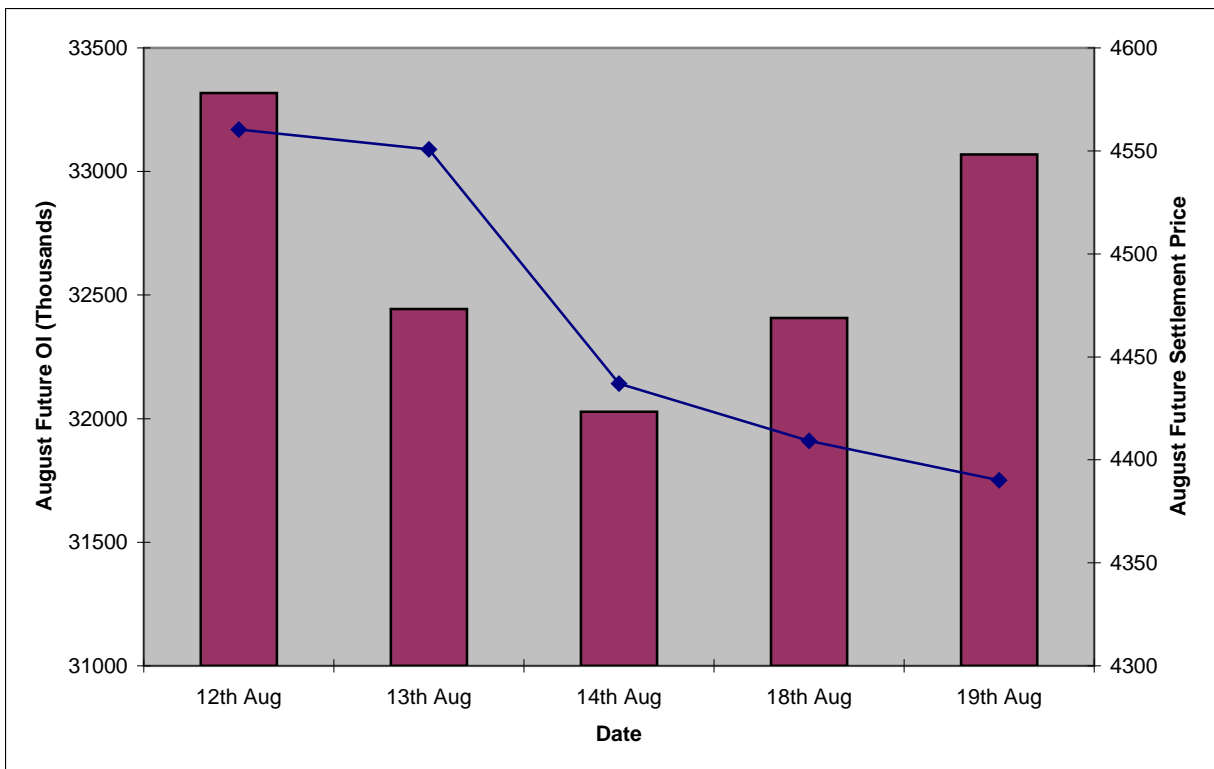
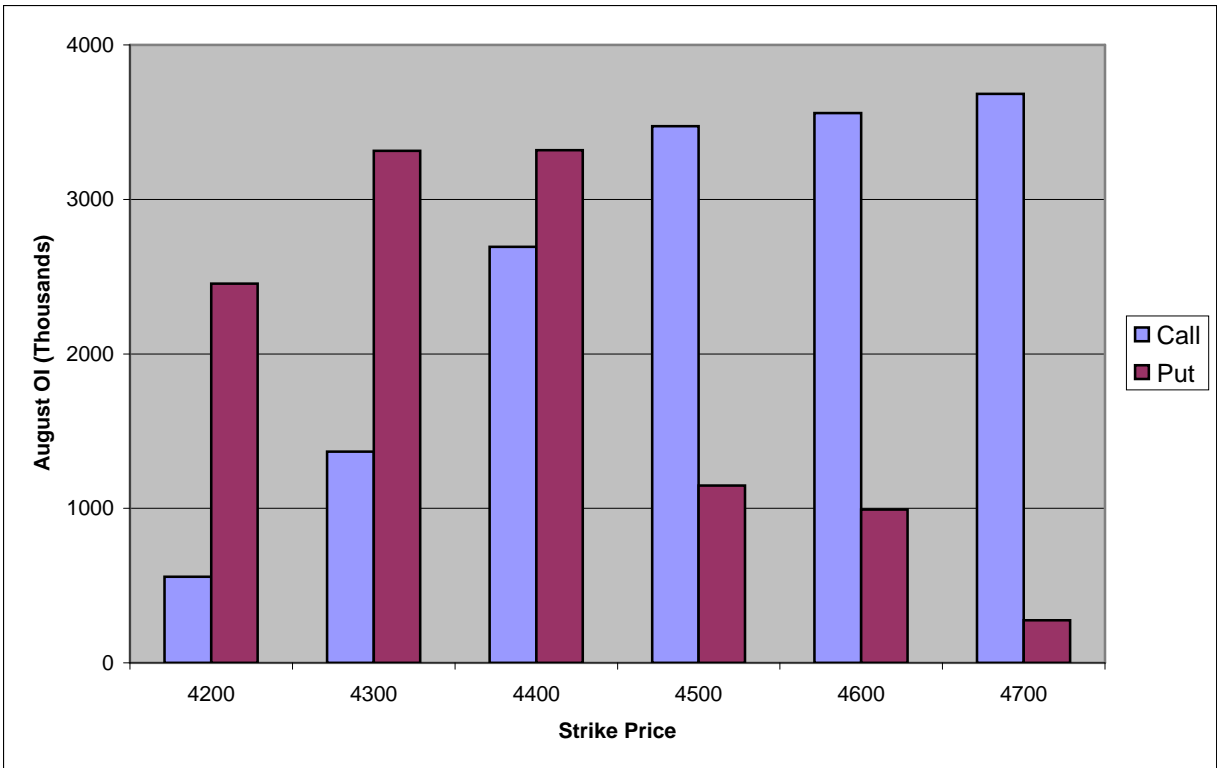
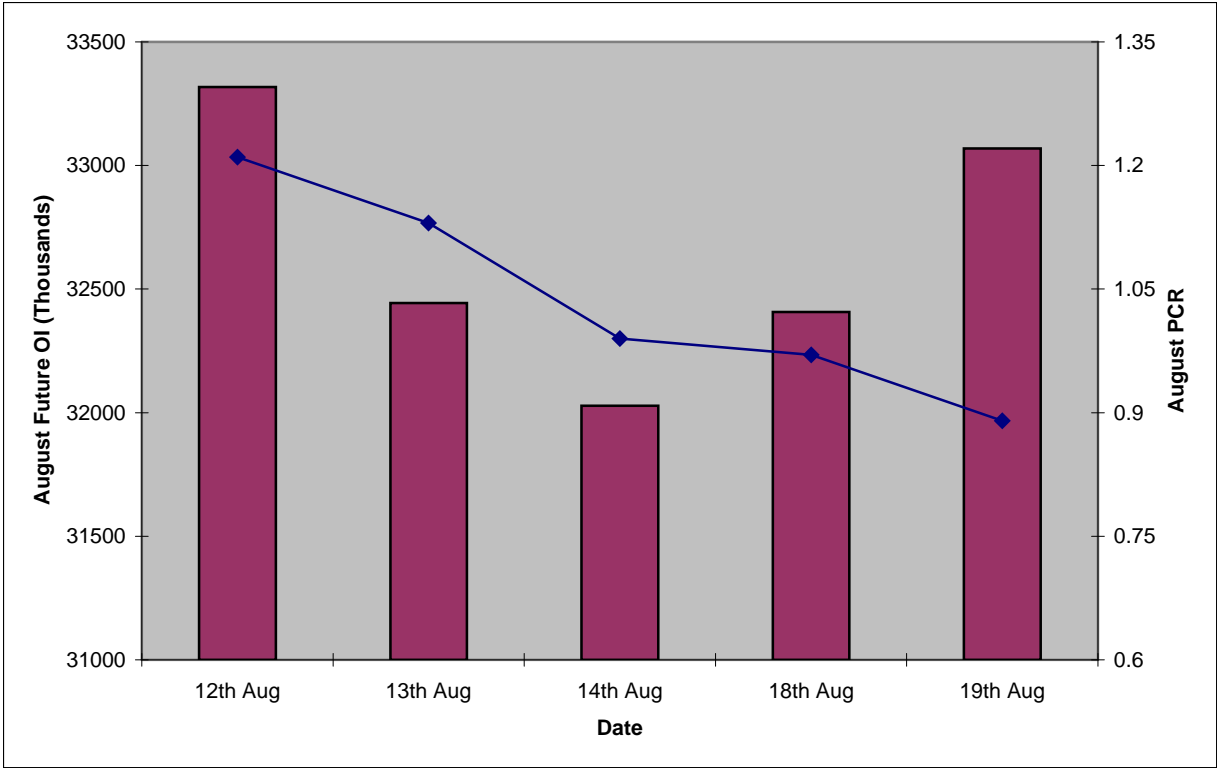


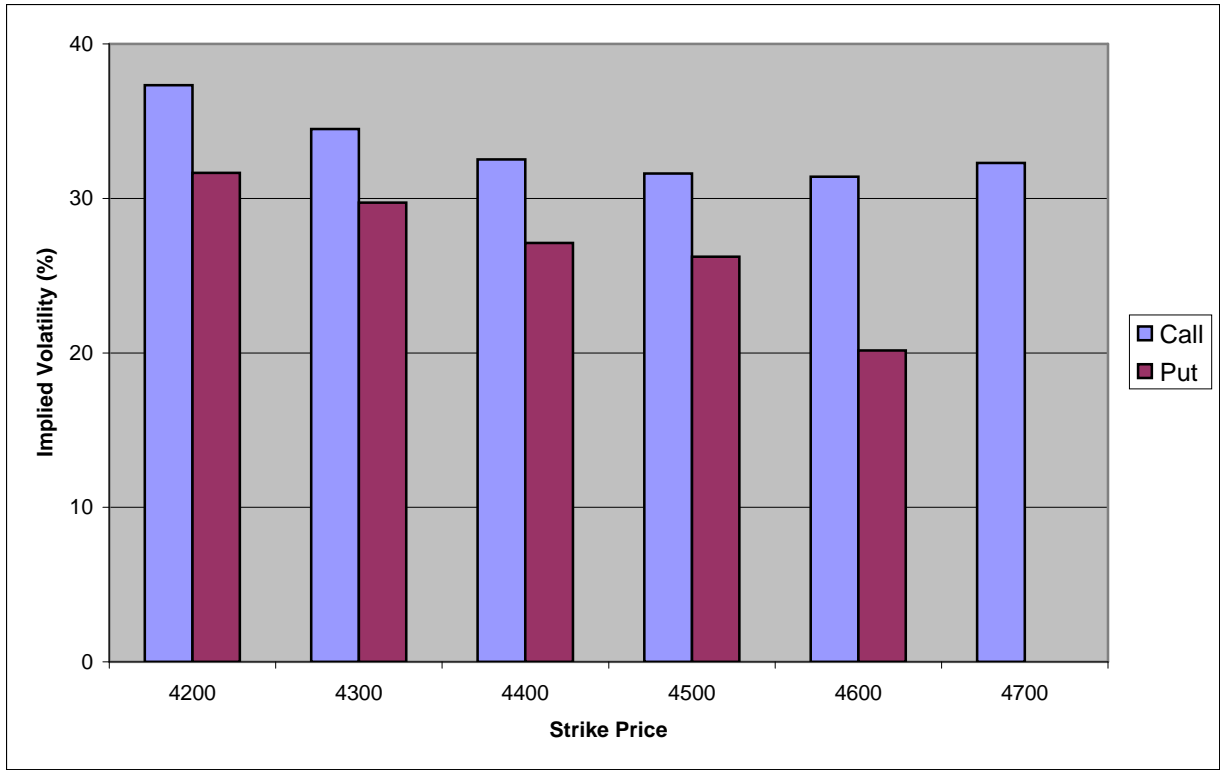
20th August 2008

Highlights:

- Nifty recovers sharply from the days lows; still ends with losses over half a percent.
- Nifty August futures add about 6.5 lakh shares in open interest to end the day at a premium of 21.8 points as compared to 16.2 points on Monday.
- NSE derivative turnover at about Rs 43K crore; cash turnover falls to a dismal sub – 9k levels.
- Nifty contribution continues to be well above 50% of total turnover.
- Nifty August PCR at 0.89 as compared to 0.97 on Monday.
- Stock futures add 2.5 crore shares in open interest.







House view:

Long positions were created at lower levels for a second successive day and that continues to be a dampener in the process of a bottom being formed in the current down leg. For, until some bulls throw in the towel, a panic bottom seems difficult to be formed. At the same time, IVs of calls shooting up past their corresponding puts suggest that there was also some call buying on Tuesday. The possibilities of a panic bottom being formed around 4200 – 4250 still exists and that's probably the time to go long, with a very strict stop loss at 4150.