



MARKET NEWS :

The key benchmark indices dropped in choppy trade, extending losses for the second straight day as the US Federal Reserve's decision to raise its discount rate hurt investor sentiment. The BSE 30-share Sensex fell 136.21 points or 0.83%, up close to 110 points from the day's low and off close to 120 points from the day's high. Global stocks and US index futures fell after the US Federal Reserve raised its discount rate for the first time since the financial crisis. The latest Fed move stoked expectations that a hike in the Fed's main policy rate could follow sooner than many had anticipated.

Realty, metal, auto, IT and banking stocks fell. Index heavyweight Reliance Industries, too, edged lower. The market breadth was weak.

A bout of volatility was witnessed in the second half of the trading session. The market staged a strong intraday rebound in mid-afternoon trade after a sharp slide in afternoon trade. The BSE Sensex recouped nearly all the intraday losses in late trade. However, the intraday rebound proved short-lived. The market once again lost ground towards the close of the trading session.

European shares fell on Friday, snapping a four-day winning streak, after the US Federal Reserve raised an emergency lending rate for the first time since the financial crisis, with banks the worst performers. The key benchmark indices in France, Germany and UK fell by between 0.21% to 0.47%.

Asian stocks fell after the US Federal Reserve raised its discount rate in a fresh sign the Fed thinks financial markets are gradually returning to normal. The key benchmark indices in Hong Kong, Indonesia, Japan, Singapore and South Korea were down by between 0.22% to 2.59%.

The US Federal Reserve raised the discount rate from 0.5% to 0.75% effective 19 February 2010 and said the move will encourage financial institutions to rely more on money markets, rather than the central bank, for short-term loans. The announcement was made after trading hours in the US. It was the first increase in the discount rate in more than three years, and the move widens the discount rate spread over the top range for the federal funds rate to 0.5%. The central bank also cited last month's statement, which said economic conditions are likely to warrant exceptionally low levels of the federal funds rate, or the target rate for overnight loans between banks, for an extended period.

US markets ended higher for a third straight day on Thursday, 18 February 2010 as an encouraging manufacturing report helped fuel investor optimism about the recovery. The Philadelphia branch of the Fed said its gauge of regional manufacturing rose to 17.6 in February from 15.2 in January. Meanwhile initial jobless claims unexpectedly rose by 31,000 last week. The January PPI also



CIL SECURITIES LIMITED

Registered Office

214-Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad-500 001
Andhra Pradesh
Phone: 040-23203155
Fax: : 040-23203028
Email: advisors @cilsecurities.com.

Corporate Office

Great Western Building
20, 2nd Floor, 130/132
Apollo Street, Opp. Lion Gate
Mumbai - 400 023.
Phone: 022-22885177 / 78
Fax: 022-22885176

Disclaimer: This document is for private circulation only. Neither the information nor any opinion expressed constitutes an offer, or any invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities. The information and views contained herein are believed to be reliable but no responsibility or liability is accepted for errors of fact or opinion. Editors may or may not have trading or investment positions in the securities mentioned herein. CIL Securities Ltd or any of its associates or employees does not accept any liability whatsoever direct or indirect that may arise from the use of the information herein.

To unsubscribesend a mail to research@cilsecurities.com with blank subject and only “unsubscribe CIL NEWS LETTER” in the message body.