

Press Clipping

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Top picks in a medium term

Real Estate: If we use comparative theory in the current bearish move, then we can clearly see that the fall in the real estate sector is lesser compared with other sectors. It means money is not flowing out of the sector. Based on the above observation, we would recommend a 'buy' on DLF (Rs 962) with a medium-term price target of Rs 1080. Stopping loss below Rs 900 is a must.

Infrastructure: The leadership is changing from front liners to second liners. It is clearly visible if we look at stocks like GMR Infra, Lanco Infrastructure, and Housing Development Infra. Based on the above observation, we would recommend a 'buy' on Lanco Infrastructure (Rs 730) with a medium-term price target of Rs 900. Stopping loss below Rs 670 is a must.

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Brokerages expect 15-20% returns in '08: BSpoll

RAJESH ABRAHAM
 Mumbai, 23 December

After the third consecutive year of spectacular gains by the Indian stock markets, which saw the bellwether Sensex climbing nearly 39 per cent, investors can still expect returns of 15 to 20 per cent in 2008, according to a poll among top local and foreign brokerage houses.

Most of the 15 brokerages that participated in Business Standard's poll also see no major impact in India due to a possible US slowdown, encouraging more and more foreign funds to invest in the Indian stock markets in the new year.

Two-thirds of the brokerages chose to play safe by pre-

dicting a 19,000 to 22,000 range for the Sensex in 2008. Two brokerage houses — SBI Capital Markets and Religare Securities — have forecast 25,000 for the index next year, which is a 30 per cent gain from the current levels.

ICICI Securities went a step further, predicting that the Sensex would be at 25,500 levels (a 33 per cent rise) at the end of next year.

Others such as Motilal Oswal Securities, Enam Securities and fund house Morgan Stanley decline to predict a Sensex target.

"The market will continue its secular upward trajectory, reflecting robust economic growth led by consumption-buoyed demand, favourable demographics and increasing

infrastructure spends," said Anil Advani, head of research at SBI Cap Securities.

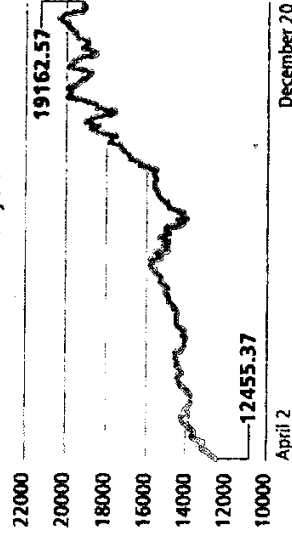
"We expect the Indian economy to grow at 8 to 9 per cent in the next two years," he added.

Religare Securities Ltd has set a conservative target of 18,000 for the year. But Amitabh Chakraborty, president (equity) said the brokerage believed "2008 will start off on a very positive note with the Sensex touching 22,500 early in the year with India attracting higher fund allocations from foreign investors."

Kotak Securities has a conservative forecast of 19,000 to 22,000 in 2008.

"The liquidity pull-out, sustained high crude prices, neg-

THIRD TIME LUCKY
 The Sensex turns in a third stellar year



ative international events (if any) may impact markets," said Dipen Shah, vice-president (private client group) of Kotak Securities.

This year is the third suc-

13,786.91) and 38 per cent (13,786.91 to 19,162.57) this year so far.

Major triggers that investors need to watch out for in 2008, according to broking firms, are elections, the Union Budget, corporate earnings figures, the value of the rupee vis-à-vis the dollar, US economic health and interest rate cuts by the US Federal Reserve.

"On the international front, the markets might expect a further cut in the Fed rate, which will see money flowing into the emerging markets," said Seshadri Bharathan, director, stock broking of Dayan Day AV Securities Private Ltd, which expects the Sensex to cross 22,000 in 2008.

Manish Sonthalia, vice-

president (equity strategy) at Motilal Oswal Securities, which has chosen not to predict a 2008 Sensex target, said he believes the market will continue to be driven by strong earnings growth and high liquidity.

A spokesman for foreign brokerage HSBC, which has put a Sensex target of 23,000 for 2008-end, said "The Indian markets also will retain their appeal to global investors; it is an outstanding domestic story, led by consumption and capex, in an uncertain world."

The correlation of Indian and US markets is low, which means that global investors can improve the risk-reward profile by adding Indian stocks, HSBC added.