

Key developments during the week

- Governor Rajan says RBI hasn't moved to inflation targeting yet
- Chakrabarty says CPI inflation to be anchor for RBI policy in future
- Chakrabarty to demit office of RBI deputy governor on Apr 25
- FIPB meeting to consider FDI proposals likely on Mar 28
- SJVN commissions 412 MW Rampur hydroelectric project
- Unitech in final talks with Blackstone, GIC for Gurgaon IT SEZ sale
- Sources say SEBI seeks details on Maruti Gujarat unit plan
- NMDC sees FY14 sales volume 30 mln tn, FY15 at 32-35 mln tn
- RIL refutes charges of Gujarat minister related to Ambani-aided co
- Dr Reddy's Lab MD sees double digit annual sales growth next few year
- Source says environ panel OKs RPower Sasan plan to add 3x660 MW unit
- Oil India gets environ OK to drill 6 more KG basin wells
- Fin min source sees Mar inflation easing; food price rising post-Mar
- Coal India, NTPC end impasse; power co agrees to pay 80% dues by Mar
- ONGC gets environ OK for initial work at Raniganj block
- Head says NHB aims to raise \$200 mln via FX borrow in 10-15 days
- Tata Motors' JLR invests 45 mln sterling in Halewood facility in UK
- Tech Mahindra sets up 3rd delivery centre in Germany
- US court denies class action suit by dealers against M&M

INDEX	22-Mar-14	14-Mar-14	Change (in %)
NIFTY	6494.90	6504.20	-0.14
SENSEX	21755.32	21809.80	-0.25
NSE 500	5037.50	5011.55	0.52
NSE MIDCAP	2308.80	2265.20	1.92
NIFTY JUNIOR	12822.50	12534.15	2.30
BSE SMALLCAP	6831.99	6627.68	3.08
BSE 200	2587.26	2578.35	0.35

INDEX	22-Mar-14	14-Mar-14	Change (in %)
BSE CD	6252.07	6115.74	2.23
BSE OIL AND GAS	9078.66	9213.08	-1.46
BSE PSU	5883.33	5946.34	-1.06
BSE FMCG	6924.14	6697.45	3.38
BSE CAPITAL GOODS	11446.57	11609.65	-1.40
BSE AUTO	12771.75	12808.16	-0.28
BSE REALTY	1368.79	1387.68	-1.36
BSE BANK	13803.04	13756.15	0.34
BSE TECH	4905.34	4921.56	-0.33
BSE HEALTHCARE	10325.55	10196.57	1.26
BSE IT	8871.91	8940.05	-0.76
BSE METAL	9187.84	8897.93	3.26

INDEX	22-Mar-14	14-Mar-14	Change (in %)
DOW JONES	16302.77	16065.67	1.48
HANG SENG	21436.70	21539.49	-0.48
NIKKEI	14224.23	14327.66	-0.72
FTSE	6557.17	6527.89	0.45

Domestic events week ahead

- **Mar 24-25:** Crude, refinery output for February, from petroleum ministry.
- **Mar 24-25:** GSM mobile subscribers data for February, by COAI.

Source: NW18

Global events week ahead

- **Mar 24:** China HSBC Flash Manufacturing PMI, French Flash Manufacturing PMI, French Flash Services PMI, German Flash Manufacturing PMI, German Flash Services PMI, Europe Flash Manufacturing PMI, Europe Flash Services PMI, US Flash Manufacturing PMI
- **Mar 25:** German Ifo Business Climate, UK CPI y/y, UK PPI Input m/m, UK Core CPI y/y, Europe Trade Balance, US CB Consumer Confidence, US New Home Sales, G7 Meetings
- **Mar 26:** GfK German Consumer Climate, Italian Retail Sales m/m, Italian Prelim CPI m/m, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m, US Flash Services PMI, US Crude Oil Inventories, US Bank Stress Test Results
- **Mar 27:** UK Retail Sales m/m, US Unemployment Claims, US Final GDP q/q, US Pending Home Sales m/m
- **Mar 28:** Japan Household Spending y/y, Tokyo Core CPI y/y, Japan Unemployment Rate, Japan Retail Sales y/y, German Prelim CPI m/m, French Consumer Spending m/m, UK Current Account, UK Final GDP q/q, US Core PCE Price Index m/m, US Personal Spending m/m, US Revised UoM Consumer Sentiment



Weekly Sector Outlook and Stock Picks

Auto sector – In narrow range this week amid lack of triggers

Stocks of major automakers are expected to trade in a narrow range this week in the absence of any sector-specific triggers. Auto stocks are also seen tracking the broader indices during the week, which are seen rather volatile on the March derivatives series expiring Thursday. The counter of the largest carmaker Maruti Suzuki India is seen volatile going into the penultimate week of March as total clarity on the Gujarat deal and related nitty-gritty is pending. While the automaker did issue clarifications on the deal where its parent Suzuki Motor Corp will take over all operations of the Gujarat plant, investors continue to shy away from showing faith in the company's plans. There are concerns about the Indian arm being converted from the largest carmaker in the country to just a shell company of the Japanese major. Stocks of commercial vehicle manufacturers may show some positive movement this week on news about tenders under the Jawaharlal Nehru National Urban Renewal Plan coming close to being floated. Two-wheeler stocks are seen positive for the medium-term on the rural market guiding sales.

Bank Sector – Rise capped this week on caution before RBI policy

The overall bias for bank stocks remains positive this week, but investors would trade in them with a cautious approach ahead of the Reserve Bank of India's bi-monthly monetary policy review on Apr 1. Despite the sharp fall in Wholesale Price index-based inflation and Consumer Price Index-based inflation, market expect the central bank to keep the repo rate unchanged at 8.00%. The Consumer Price Index-based inflation fell to a 25-month low of 8.10% in February while inflation rate, based on the Wholesale Price Index, eased to a nine-month low of 4.68% last month. Bank stocks may move largely in tandem with the market amid volatility as the March derivatives series will expire Thursday.

Capital Goods Sector – Mixed this week; L&T, Crompton may gain

Shares of capital goods companies is seen mixed this week, with investors likely to favour Cummins India, Larsen & Toubro and Crompton Greaves, while booking profits in Bharat Heavy Electricals. Exit polls ahead of the general elections point to a victory for the Bharatiya Janata Party, with Narendra Modi as its prime ministerial candidate, which is being viewed affirmatively by the market. Investors believe that a government with capitalistic leanings in the centre may provide the much-needed push to the industrial and infrastructure segment. Additionally, investors are also banking on companies that have strong overseas business such as L&T and Crompton Greaves. In Jan-Mar, the L&T secured new orders worth around 22.5 bln rupees from West Asia, while Crompton Greaves recently announced an order win in Paraguay, and 2-mln-euro order from Ukraine. Shares of engine and generator maker Cummins are also seeing extending gains on pick up in seasonal buying of generators.

Cement Sector – Seen trading up on revival hopes

The sentiment around major cement stocks to be positive this week on hopes of a strong recovery in the new financial year beginning Apr 1. The sector has bottomed out, and from now on, demand and subsequent earnings of companies will only look upward. The recent rise in prices of cement also reflects recovery in the sector.

FMCG Sector – MNCs' stocks seen moving up on de-listing buzz

Stocks of fast moving consumer goods companies are seen trading with a positive bias this week as the buzz that multinational companies de-listing their Indian arms grows. If the MNCs want to be their aggressive best in India, then they would definitely consider de-listing as this is the time they want to capture the market, without being answerable to investors on a quarterly basis. Market participants believe that parents of companies like Nestle India, Colgate Palmolive India, and Hindustan Unilever could take advantage of the weak rupee and come up with de-listing offers over the next few months. In May, Unilever had announced plans to up stake in its Indian arm to 75% through an open offer, but was able to increase its holding to only 67.28%. Market participants believe Unilever and other parent companies could take various steps like buybacks or open offers to increase their holding in the Indian arms with an aim to ultimately de-list them. As per regulations of the SEBI, the maximum promoter holding permitted in a listed company is set at 75%.

IT Sector – Seen steady this week in overall directionless market

Information technology stocks are likely to trade largely steady in the week ahead as the market pauses for breath after its rally over the last four weeks. Domestic share markets witnessed strong gains on the possibility of a stable govt at the



centre after the general elections. The Nifty and Sensex were largely steady last week as the market digested the gains made over the previous three weeks. IT stocks, which had taken a beating as funds moved from the defensive, export-oriented sector to riskier, domestic-market oriented stocks, also took a break from the steep fall that started late last month. Despite the overhang of unexpected bad news Infosys has warned of unanticipated factors hitting fourth-quarter revenue, and Tata Consultancy Services guided for a weak final quarter IT stocks bucked the declining trend during the week. The unexpected news from US Federal Reserve seems to have put the brakes on the overall market rally for now, and given some support for IT stocks, referring to Federal Reserve Chair Janet Yellen's comments about raising US interest rates next year. Though there would be some volatility due to the expiry of future contracts this week, the steep correction in prices of IT stocks is likely to be over for now. Some correction, however, is likely in shares of Polaris Financial Technology, which gained 41%, since the company announced it would spin off its products business.

Oil Sector – PSU companies rangebound with weak bias; RIL subdued

Shares of state-owned oil marketing companies are seen rangebound with a negative bias this week, following a run-up in the last few weeks. Though shares of the three state-owned companies Indian Oil Corp, Bharat Petroleum Corp, and Hindustan Petroleum Corp ended in the red last week, they had gained 14-28% in the four-week period ended Mar 19. These companies' shares had benefitted from the euphoria around a likely Narendra Modi-led Bharatiya Janata Party government coming to power post the upcoming Lok Sabha polls. A strengthening rupee and some softening of crude oil prices also added to the rally. However, both these factors are now fully accounted for and rupee has stabilised around 61 a dollar. Moreover, trade in the broad market is expected to be volatile this week due to rollovers as the March derivatives series expires on Thursday. That will also cause some volatility in the shares of the oil marketing companies. The upcoming hike in gas prices is also being watched closely as it will significantly benefit the two companies (ONGC and Oil India) apart from Reliance Industries. However, the matter has acquired political hues now and public interest litigations have been filed in courts to stop the gas price hike that was notified by the government earlier this year. The Aam Aadmi Party has also launched an attack on RIL alleging that the gas price hike was done to benefit the private sector refining and upstream major. The company has been refuting the claims and has now entered into a public slugfest with the AAP over the issue. That may weigh on the stock, at least till Apr 1 when the hike is likely to come into effect.

Pharma sector – Seen up this week on defensive buying

Shares of major pharmaceutical companies are seen gaining this week amid choppy trade in the broad market due to rollovers as the March derivatives series expires Thursday. Investors tend to remain cautious during futures rollovers and pharmaceuticals, being defensive in nature, become a safe haven for market players. Shares of Lupin will continue their gaining streak after the stocks rose on Friday post a product launch. Lupin's subsidiary Lupin Pharmaceuticals Inc has launched Niacin extended-release tablets in 500 mg, 750 mg, and 1,000 mg strengths in the US. Niacin, the generic equivalent of AbbVie Inc's Niaspan tablets, is used to control cholesterol. Niaspan tablets had annual sales of around \$1 bln in the US in the year ended Dec 31. Pharma stocks will do better in the long-run and the market was betting on pharmaceutical sector.

Metal Sector – Seen continuing rally this week

Stocks of metal companies are seen continuing their rise this week as investors may maintain a positive view on the sector, with stocks like Tata Steel expected to benefit from any sanctions imposed on Russia as it would drive prices of steel in the European region higher. In a recent report on the steel sector, highlighted that Indian steel mills can reduce prices by around 3% without any margin reduction since coking coal costs have reduced by about 1,000-2,000 rupees per ton over the last two years. While steel companies may see higher sales volumes due to any price cuts, the greater concern for companies will be whether demand will be sufficient to warrant such a price drop.

Telecom Sector – Rangebound this week; Feb GSM numbers eyed

Telecom stocks are expected to trade rangebound this week in the absence of any major event that may impact movement in the shares. Action, if any, is expected to be stock-specific in the coming sessions. The broad market may remain slightly volatile on account of expiry of March derivatives series this week. Trade will be choppy also due to the Lok Sabha elections, which will commence from the second week of April. This week, investors will eye the February subscriber numbers of telecom services based on the global system for mobile communications platform to be released by industry body Cellular Operators Association of India. As on Jan 31, GSM subscriber base of the country was at 703.407 mln.



Weekly Nifty Technical Outlook

In our previous weekly report, we had mentioned that there was a high probability of a consolidation or a pullback from the current levels. Further we had also mentioned that 6534 was a crucial resistance level for the indices and only a daily close above it would propel Nifty to test the upper trendline of the channel. The week began on a positive note but nifty was unable to give a daily close above 6534 level and finally closed on a flat note. The Sensex ended with a marginal loss of 0.25% whereas Nifty lost 0.14% vis-à-vis the previous week.

Pattern Formation:

- **On the weekly chart,**

For two consecutive weeks, we are observing two spinning top candlestick pattern which gives a small clue that the prior up move is losing breath.

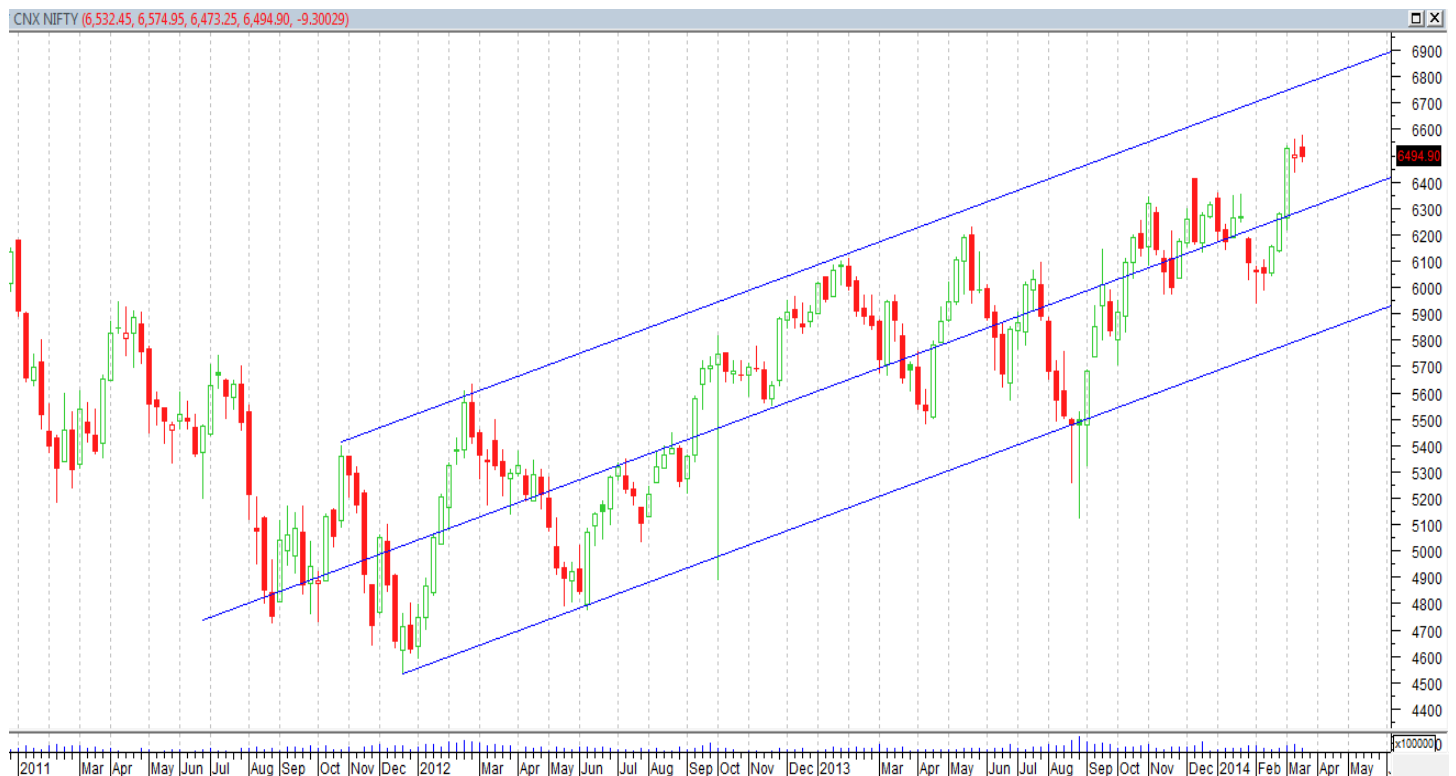
- **On the daily chart,**

We are observing series of narrow range body formation which suggests indecisiveness prevailing at current level.

Future Outlook: Combining the above pattern formations we reiterate our view that a consolidation or a pullback from current level cannot be ruled out. On the downside, 6413 – 6376 – 6338 levels may act as support for the week. At present on the upside 6534 is crucial resistance for the Nifty. Only a daily close above the mentioned level would propel Nifty to test the upper trendline of the channel. The upper trendline value is in the range of 6750 – 6800.

Broadly, the rally has intensified from 6200 level; it becomes a strong demand zone going forward. Since Nifty is in a higher top – higher bottom formation we are of the opinion that buying is likely to emerge near support levels mentioned above.

Weekly Chart





Weekly Sectoral Technical Outlook

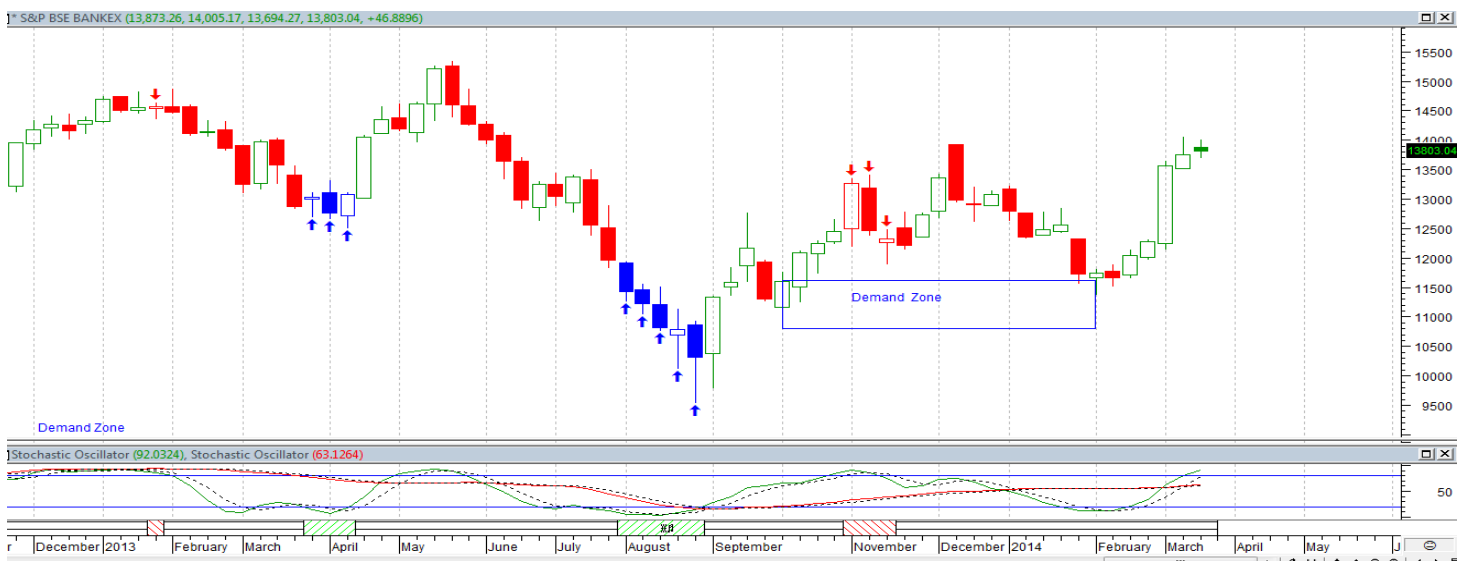
BSE Auto Index	CMP: 12771
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BSE Auto

At present we are witnessing a spinning top candlestick pattern which indicates that the prior trend is losing breath. Hence those long in this sector can trial the stop loss to 12700. On the upside, momentum can resume only if the sector trades above 13061. In such scenario the sector can test 13100 – 13400 levels.

BSE Bankex	CMP: 13803
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BSE Bankex

Since, we are observing two consecutive candlestick patterns that resemble a spinning top which gives small clue that the prior trend is losing breath. On the upside, 13934 to 14320 is strong supply zone. Hence those long in this sector should trial their stop loss to 13500 levels.



BSE Metal Index

CMP: 9187



BSE Metal Index

We reiterate our view that we are witnessing a hidden divergence which suggests that momentum on the upside is likely to continue. One can enter long in this sector with a stop loss of 8800. On the upside it can test 9600 – 9800 levels.

BSE IT

CMP: 8871



BSE IT

At present we are observing that prices have sharply bounced from the demand zone and formed a bullish Hammer candlestick pattern. One can enter long in this sector once it trades above 8986 level. On the upside it has potential to bounce up to 9100 – 9359 levels.



Weekly Technicals of Key Companies –

Company	Closing 22-Mar-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1263.90	1267.63	1290.17	1316.43	1241.37	1218.83
AMBUJACEM	184.45	185.33	189.12	193.78	180.67	176.88
ASIANPAINT	506.85	506.92	519.63	532.42	494.13	481.42
AXISBANK	1389.20	1374.42	1426.73	1464.27	1336.88	1284.57
BAJAJ-AUTO	1981.10	1988.05	2008.00	2034.90	1961.15	1941.20
BANKBARODA	655.15	654.48	672.67	690.18	636.97	618.78
BHARTIARTL	293.90	296.52	301.48	309.07	288.93	283.97
BHEL	187.40	188.20	193.20	199.00	182.40	177.40
BPCL	430.15	438.72	451.43	472.72	417.43	404.72
CAIRN	329.45	330.67	333.73	338.02	326.38	323.32
CIPLA	394.80	390.93	402.87	410.93	382.87	370.93
COALINDIA	263.55	265.12	274.13	284.72	254.53	245.52
DLF	170.75	171.98	177.77	184.78	164.97	159.18
DRREDDY	2780.40	2788.60	2828.70	2877.00	2740.30	2700.20
GAIL	352.40	360.12	373.23	394.07	339.28	326.17
GRASIM	2746.95	2741.75	2782.20	2817.45	2706.50	2666.05
HCLTECH	1438.30	1422.08	1472.92	1507.53	1387.47	1336.63
HDFC	841.90	850.00	861.00	880.10	830.90	819.90
HDFCBANK	732.40	735.07	742.13	751.87	725.33	718.27
HEROMOTOCO	2070.85	2092.43	2127.87	2184.88	2035.42	1999.98
HINDALCO	121.20	119.75	125.45	129.70	115.50	109.80
HINDUNILVR	573.90	568.40	586.20	598.50	556.10	538.30
ICICIBANK	1198.10	1206.80	1222.30	1246.50	1182.60	1167.10
IDFC	110.70	111.82	114.88	119.07	107.63	104.57
INDUSINDBK	471.50	474.75	481.65	491.80	464.60	457.70
INFY	3296.05	3315.57	3392.38	3488.72	3219.23	3142.42
ITC	356.60	354.75	361.85	367.10	349.50	342.40
JINDALSTEL	265.30	263.58	272.57	279.83	256.32	247.33
JPASSOCIAT	48.40	48.20	49.75	51.10	46.85	45.30
KOTAKBANK	741.25	751.15	765.10	788.95	727.30	713.35
LT	1219.45	1232.83	1255.17	1290.88	1197.12	1174.78
LUPIN	950.75	945.50	964.00	977.25	932.25	913.75
M&M	973.90	998.10	1030.70	1087.50	941.30	908.70
MARUTI	1872.50	1876.52	1904.98	1937.47	1844.03	1815.57
NMDC	129.90	130.45	132.85	135.80	127.50	125.10
NTPC	114.50	115.65	117.75	121.00	112.40	110.30
ONGC	307.90	315.08	324.82	341.73	298.17	288.43
PNB	641.00	640.22	652.48	663.97	628.73	616.47
POWERGRID	101.25	101.07	103.63	106.02	98.68	96.12
RANBAXY	348.50	347.03	355.72	362.93	339.82	331.13
RELIANCE	888.15	894.55	906.95	925.75	875.75	863.35
SBIN	1703.50	1692.67	1730.33	1757.17	1665.83	1628.17
SSLT	175.35	175.00	179.35	183.35	171.00	166.65
SUNPHARMA	584.45	583.93	596.42	608.38	571.97	559.48
TATAMOTORS	389.00	388.37	397.98	406.97	379.38	369.77
TATAPOWER	79.40	80.03	82.27	85.13	77.17	74.93
TATASTEEL	362.30	355.47	371.83	381.37	345.93	329.57
TCS	2128.25	2097.15	2182.90	2237.55	2042.50	1956.75
ULTRACEMCO	1952.35	1957.03	1983.07	2013.78	1926.32	1900.28
WIPRO	569.65	558.62	588.53	607.42	539.73	509.82

Source: Iris Software



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