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ARIHANT's VALUE Plus

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ARI - Movers & Shakers

INDIAN INDICES

Indices	Nov-14	Oct-14	Change%
SENSEX	28693.99	27865.83	2.97
S&P CNX NIFTY	8588.25	8322.20	3.20
BANK NIFTY	18513.15	17045.05	8.61
CNX MIDCAP	12389.25	11841.10	4.63
S&P CNX 500	6918.05	6685.75	3.47
CNX IT	11898.05	11341.05	4.91
CNX REALTY	218.80	200.70	9.02
CNX INFRA	3249.65	3278.00	-0.86

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Nov-14	Oct-14	Change%
AUTO	19220.05	18579.07	3.45
BANKEX	21212.07	19505.16	8.75
CD	9646.51	9875.10	-2.31
CG	16371.64	15924.51	2.81
FMCG	7733.68	7497.07	3.16
HC	14956.57	14354.01	4.20
IT	11207.45	10701.99	4.72
METAL	11306.25	11849.95	-4.59
OIL&GAS	10914.30	11160.18	-2.20
PSU	8411.15	8343.37	0.81
REALTY	1683.06	1553.42	8.35
TECK	6158.65	5937.65	3.72

(Source: BSE)

GLOBAL INDICES

Indices	Nov-14	Oct-14	Change%
DOW JONES	17828.24	17390.52	2.52
NASDAQ	4791.63	4630.74	3.47
HANG SENG	23987.45	23998.06	-0.04
FTSE	6722.62	6546.47	2.69
NIKKEI	17459.85	16413.76	6.37

(Source: Telequote software)

COMMODITIES & FOREX

Indices	Nov-14	Oct-14	Change%
MCX GOLD	25794.00	26135.00	-1.30
MCX SILVER	34527.00	35797.00	-3.55
MCX CRUDE OIL	4210.00	4931.00	-14.62
MCX-SX USDINR	62.38	61.64	1.20

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Nov 2014	94,091.23	80,337.94	13,753.29
Total for 2014 *	936,070.40	840,051.20	96,019.50

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Nov 2014	16,565.40	14,888.40	1,676.90
Total for 2014 *	176,053.00	159,246.90	16,805.60

*From Jan - Nov, 2014

(Source: SEBI)

Market Commentary

The bulls continue to rein the Indian equity markets in November logging fresh record highs and ending the month an impressive note with ~3% gains. A lot has moved in favour of the bulls. The fundamentals have been pointing to continued improvement in the economy - lower inflation, narrowing trade deficit, good IIP growth, decline in crude oil prices and hike in fuel excise duty. The sentiments further revived after China announced stimulus measures to lift its sagging economy and the news that European Central Bank is also likely to take up more stimulus was cherry topping on the cake. The markets gained in all the four weeks during the month of November.

The month saw S&P BSE Sensex delivering positive return of 2.97% to settle at 28693.99, after hitting a new high of 28822.37 and CNX Nifty gained 3.20% ending the month at 8588.25, after hitting a new high of 8617.

On the sectoral front, Bankex turned out to be the best performing sector in November 2014 clocking gains of 8.75% followed by Realty (8.35%), IT (4.72%), Healthcare (4.20%), while Metal (-4.59%), Consumer Durables (-2.31%) and Oil & Gas (-2.20%) turned out to be the worst performing sectors.

On the institutional side, foreign institutional investors (FIIs) bought Rs 13,753.29 crore worth of equities during the month while domestic mutual fund houses also continued their buying spree netting Rs 1,676.90 crore of equities in November 2014.

On the macro-economic front, India's HSBC manufacturing Purchasing Managers' Index rose to 51.6 in October 2014 on the back of an accelerated growth in output and new orders. The manufacturing PMI was at a nine-month low of 51 in September 2014. India's HSBC services PMI fell to a six-month low of 50 in October 2014 from 51.6 a month ago, mainly on account of weak growth in new work intakes. Index of industrial production (IIP) growth rose to three-month high of 2.5% in September 2014, compared with 0.5% a month ago, primarily driven by growth in capital and manufacturing sector. Wholesale Price Index (WPI) fell to a five-year low of 1.77% in October 2014 from 2.38% in September 2014. Consumer price index (CPI) fell to an all time low of 5.52% in October 2014 from 6.46% a month ago.

India's trade deficit narrowed to $13.36 bn in October 2014 from $14.25 bn in September 2014 despite a sharp rise in gold imports. However, the trade deficit widened year-on-year basis from $10.59 bn a year ago. Country's fiscal deficit in Apr-Oct, the first seven months of the current financial year, touched 89.6% of the budgeted estimate of Rs 5.312 trln for the full year. The fiscal deficit stood at 84.4% in the same period of last year.

India's GDP expanded 5.3% in the Jul-Sep quarter from 5.2% a year ago. Growth in the Apr-Jun quarter was at a two and a half year high of 5.7%. On another positive side, rating and research agency Moody revised its outlook on the Indian corporate sector to stable from negative on expectation of a hope in economic recovery. Moody's also gave its thumbs-up to the non-financial companies in India by revising their outlook to 'stable' from 'negative', saying the revision is backed by a recovery in the economy and political stability.

The Q2FY15 better earnings by corporate bigwigs like Coal India, DLF, Jindal Steel and Power, L&T, SBI, Tata Power, and Tata Steel supported the market. However, there were some that failed to deliver; companies like Bank of Baroda, BHEL, BPCL, Cipla, Hindalco, ONGC, Power Grid Corp, Sun Pharma and Tata Motors came out with disappointing numbers.

The global markets ended the month of November 2014 on a positive note. Nikkei was the best performer, which ended the month with gain of 6.37% followed by Nasdaq (3.47%), FTSE (2.69%) and Dow Jones (2.52%) while Hang Seng was the negative performer delivering a loss of 0.04% during the month.

On the international front, the European Central Bank (ECB) hinted that it was willing to step up its asset purchases to support the struggling European economy. Eurozone Industrial production rose by 1.6% in September 2014 from 1.4% loss in August 2014. Japan's gross domestic product shrank 1.6% in the third quarter after contracting 7.3% in the second quarter. China industrial production grew by 7.7% in October 2014 from 8% in September 2014. China HSBC flash manufacturing PMI fell to 50 in November 2014 from 50.4 in October 2014. The Chinese central bank made a surprise move to cut interest rates. China cut its benchmark deposit rate by 0.25% to 2.75% and lending rate by 0.4% to 5.6%, the first rate cut since Jul 2012.

US Industrial Production fell 0.1% in October 2014 from 0.8% gain in September 2014. The US economy grew by 3.9% in the third quarter from 3.5% in the second quarter. On 27th November, the Organization of the Petroleum Exporting Countries (OPEC) met in Vienna to take a decision on the production of crude oil, which is currently at 30 mn barrels a day. The OPEC decided to keep its output target unchanged that led to crude prices plunging to their lowest levels in four and a half years.

Going forward

In December month, we expect markets to take direction from Reserve Bank of India's monetary policy and the developments in the Parliament session. The month-long winter session of Parliament, which started on 24th November 2014, will conclude on 23rd December 2014 has 22 working days has around 37 bills pending for debate ranging from land reforms and tax policies to boost manufacturing to the passage of the long delayed goods and services tax and insurance reforms. Investors would also keep a close watch rupee's movement against the dollar, FII investment and movement in crude oil prices. The long term fundamentals of the economy remain strong and investors should focus on investing in financially strong stocks.

Domestic Data Releases in November 2014

(Positive) ⬆

- Jul-Sep GDP growth rose to 5.3% from 5.2% year on year: India's Jul-Sep gross domestic product growth rose to 5.3% from 5.2% a year ago while down on quarter on quarter basis. The country's GDP had expanded 5.7% in Apr-Jun. The higher-than-expected GDP growth in Jul-Sep may help the Indian economy to record an improved growth rate this financial year, which has been recording a lower than 5% growth for the last two years.
- October trade gap narrowed to $13.36 bn from $14.25 bn: India's trade deficit narrowed to $13.36 bn in October 2014 from $14.25 bn in September 2014, despite a sharp rise in gold imports. However, the trade deficit widened from $10.59 bn a year ago. India's exports fell 5% yoy to $26.09 bn in October 2014, while imports rose 3.6% to $39.45 bn. Total value of imports, on the other hand, fell on a mom basis due to a sharp decline in oil imports. Oil imports declined 19.2% to $12.37 bn in October 2014 from $15.29 bn a year ago,

and fell 14.7% from $14.5 bn a month ago. Non-oil imports declined 5.4% to $27.09 bn in October 2014 from $28.65 bn a month ago, and rose 18.9% year on year. The rise in overall imports was led by a 280.4% surge in gold imports to $4.18 bn. Exports in Apr-Oct rose 4.7% to $189.8 bn, while imports rose 1.9% to $273.6 bn. India's trade deficit in Apr-Oct narrowed to $83.76 bn from $87.32 bn in the corresponding period last year.

- September industrial growth rises to three-month high of 2.5%: India's industrial growth rose to three-month high of 2.5% in September 2014, compared with 2.7% a year ago, primarily driven by growth in capital and manufacturing sector. Industrial output growth for August 2014 was revised upwards to 0.5% from the provisional estimate of 0.4%. In Apr-Sep, the first six months of current financial year, the industrial output has risen 2.8%, compared with 0.5% growth a year ago.

Sector	Sep 2014 YoY
Capital Goods	11.6%
Electricity	3.9%
Manufacturing Sector	2.5%
Intermediate Goods	1.8%
Consumer Goods	-4.0%
Mining Output	0.7%

- October WPI inflation fell to five-year low of 1.77%: India's inflation rate based on the Wholesale Price Index fell to a five-year low of 1.77% in October 2014 from 2.38% in September 2014. The decline was primarily on account of lower prices of vegetables and crude oil. This is the lowest level of inflation since October 2009, when the wholesale price index-based inflation had plummeted in the aftermath of the financial crisis triggered by the collapse of Lehman Brothers. India's inflation rates based on retail prices fell in October 2014; the inflation rate based on Consumer Price Index (combined) plummeted to an all-time low of 5.52% in October 2014 from 6.46% a month ago.

Inflation	Octo 2014	Sep 2014
Food articles	2.70%	3.52%
Primary articles	1.43%	2.18%
Manufactured products	2.43%	2.84%
Fuel & power	0.43%	1.33%

- India Apr-Oct tax mop-up Rs 5.636 trln, up 5.9% year on year: The government's tax collections during the first seven months of the current financial year rose 5.9% on year to Rs 5.636 trln. Service tax mop-up rose 12% to Rs 812.13 bn during Apr-Oct, while income tax collections rose 9.2% on year to Rs 1.250 trln. Revenues from other taxes, including securities transaction tax and wealth tax, rose 27.1% to Rs 68.23 bn. Excise duty collection during Apr-Oct contracted 1.7% to Rs 731.05 bn, while customs mop-up rose 7.1% on year to Rs 1.041 trln. Corporation tax collections rose 3% to Rs 1.734 trln. The budget for 2014-15 (Apr-Mar) has targeted total tax collections of Rs 13.645 trln, up 17.7% from the year ago level of Rs 11.589 trln. The government's net tax collections during Apr-Oct rose 3.5% on year to Rs 3.689 trln. Total tax collections during October contracted 1.4% on year to Rs 729.80 bn.

(Negative)

- September FDI inflows $4.05 bn from $5 bn year on year: Total foreign direct investment into India in September 2014 declined to $4.05 bn from $5 bn a year ago. In August 2014, the inflows stood at $2.81 bn. In the first six months of the current financial year, FDI inflows into India were $21.51 bn against $17.92 bn a year ago. The total FDI inflows include equity capital, re-invested earnings, and other capital.

- Apr-Oct fiscal gap rises to 89.6% of FY15 budget aim: The India's fiscal deficit in Apr-Oct 2014 touched 89.6% of the budget estimate of Rs 5.312 trln for the full year. The fiscal deficit stood at 84.4% in the same period of last year. On a yoy basis, the fiscal deficit rose 3.9% to Rs 4.758 trln in Apr-Oct. In Apr-Oct, the government's total expenditure rose 4.3% on year to Rs 9.621 trln, while receipts increased 4.8% on year to Rs 4.863 trln. Net tax collection in Apr-Oct rose 3.5% on year to Rs 3.688 trln. The fiscal deficit in October 2014 declined 19.4% on year to Rs 369.3 bn. The government's planned expenditure fell 35.2% on year to Rs 207.02 bn in October 2014, while non-planned expenditure recorded a decline of 2.1% to Rs 793.33 bn. The non-planned expenditure in Apr-Oct, however, rose 6.3% on year to Rs 6.951 trln, while planned spending declined 0.4% to Rs 2.670 trln. The revenue deficit in Apr-Oct increased 5.6% to Rs 3.726 trln. The government's net tax collections in Apr-Oct rose 3.5% on year to Rs 3.689 trln, while non-tax revenues increased 11.7% to Rs 1.112 trln.

Auto Sector November Sales

After a muted festive season in October, India's automobile sector saw a spike in demand in November led by decline in car ownership cost led owing to reduction in declining fuel prices. It has been observed that whenever the car ownership cost has seen a decline, auto sales have witnessed a growth. The rise in sales in November was led by Maruti Suzuki, Tata Motors, Hero Moto Corp, TVS Motor, Eicher Motors and Ashok Leyland.

Passenger vehicle (PV) segment; Maruti, Tata Motors volume jumped, M&M continued to fall

India's largest car manufacturer, Maruti Suzuki's reported impressive sales numbers in November 2014, PVs volume was up 14.9% yoy to 82,306 units, backed largely by a bumper performance from its recently launched Ciaz sedan and a handsome growth in the compact hatchback and vans segments. Company's domestic volumes also went up 17% yoy to 100,024 units while exports surged 52.7% yoy to 10,123 units. The second largest player Hyundai's (unlisted) total sales in November 2014 also recorded a growth in its sales, which was up 8.7% on year at 54,011 units. Hyundai also saw a surge in its exports that grew 14.3% yoy.

However, domestic player Mahindra & Mahindra PV sales were down 18% yoy to 13,765 units while its total sales was down 13% yoy to 34,292 units. M&M's exports also declined 27% yoy to 2,192 units. Tata Motors passenger vehicle sales clocked a 16% yoy growth to 12,021 units in November 2014, driven by strong sales of Zest and Nano. Passenger car sales up 30% yoy to 10,286 units and sales of sport utility vehicles Sumo, Safari, Aria, and Venture declined 30% yoy.

2Ws: Two-wheeler segment recorded strong growth

India's largest two-wheeler maker, Hero MotoCorp's volumes were up 3.2% yoy to 547,413 units in November 2014, whereas its toughest competitor, Honda (unlisted), reported 17% yoy growth in total sales driven by 32.6% yoy growth in scooters and decline of 4.08% yoy in motorcycles. Bajaj Auto's motorcycle sales witnessed a decline of 6% yoy at 261,948 units while company's total sales decline 0.4% yoy at 309,259 units. Its total exports were up 24% yoy at 165,733 units. TVS Motor 2W volumes increased 35.6% yoy and its total sales also registered 36% yoy growth pushed by a jump of 55% yoy in exports.

3-wheeler segment clocked robust sales

Atul Auto, India's leading 3W manufacturer, registered volume growth of 18.8% yoy at 3,807 units in November 2014. Sales of TVS's 3W also recorded a strong growth of 44% yoy at 9,067 units.

Tractor segment volume decline

M&M's November total tractor sales were down 34% yoy at 15,333 units while Escorts registered 27% yoy decline in total tractor sales to 4,306 units in November 2014.

Commercial vehicle (CV) segment volume mixed; M&HCV sales up, LCV sales down

The medium and heavy commercial vehicle (M&HCV) segment volumes rise in November 2014. Ashok Leyland's sales were up by 92% yoy to 5,204 units while Tata Motors M&HCV sales were up 39% to 9,452 units. The light commercial vehicle (LCV) segment registered decline in November 2014. Company's CV sales witnessed a 5% yoy decline to 25,406 units, with medium

Total Sales in November 2014

Maruti Suzuki
Total Sales: 110,147 units
% change: 19.5 yoy

Mahindra & Mahindra
Total Sales: 34,292 units
% change: 12.6% yoy

Tata Motors
Total Sales: 41,720 units
% change: 2% yoy

Hero MotoCorp
Total Sales: 547,413 units
% change: 3.2% yoy

Bajaj Auto
Total Sales: 309,259 units
% change: 0.4% yoy

TVS Motor
Total Sales: 220,046 units
% change: 36% yoy

Escorts
Total Sales: 4,306 units
% change: 27% yoy

Atul Auto
Total Sales: 3,807 units
% change: 18.8% yoy

Ashok Leyland
Total Sales: 7,732 units
% change: 8% yoy

Eicher Motors
Total Sales: 2,778 units
% change: 24% yoy

and heavy CV sales up 39% to 9,452 units. Tata Motor's light commercial vehicle (LCV) shipments registered a decline of 20% yoy to 15,954 units. The total sales of the company (including PV) were up 2% yoy to 41,720 vehicles. Sales of Mahindra and Mahindra 4W CVs down 3% yoy at 12,748 units.

Ashok Leyland registered decline of 5% yoy in LCV sales to 2,528 units. Eicher Motor's sale of branded trucks and buses recorded a growth of 24% yoy to 2,778 units in November 2014. In the domestic CV market (5T and above), Eicher trucks and buses recorded sales of 2,233 units in November 2014 as compared to 1,928 units in November 2013, up by 15.8% yoy while its exports were up 72.5%, recording sales of 545 units in November 2014 as against 316 units in November 2013.

Q2FY15 Result Update: Nifty Companies

Positive Performance:

- Coal India reported a rise of 52.91% in net profit, yoy, at Rs 1,856.32 crore for the quarter ended September 30, 2014.
- DLF reported a 165.86% rise in net profit, yoy, at Rs 220.74 crore.
- Jindal Steel and Power reported a 11.92% rise in net profit, yoy, at Rs 287.28 crore.
- L&T reported a 6.62% rise in net profit, yoy, at Rs 1,042.18 crore.
- SBI reported a 30.54% rise in net profit, yoy, at Rs 3,100.41 crore.
- Tata Power reported a 17.02% rise in net profit, yoy, at Rs 306.33 crore.
- Tata Steel reported a 58.88% rise in net profit, yoy, at Rs 2,476.41 crore.

Negative Performance:

- Bank of Baroda reported a decline of 5.47% in net profit, yoy, at Rs 1,104.22 crore for the quarter ended September 30, 2014.
- BHEL reported a 72.62% decline in net profit, yoy, at Rs 124.84 crore.
- BPCL reported a 50.15% decline in net profit, yoy, at Rs 464.20 crore.
- Cipla reported a 10.63% decline in net profit, yoy, at Rs 336.07 crore.
- Hindalco reported a 77.94% decline in net profit, yoy, at Rs 78.77 crore.
- ONGC reported a 10.21% decline in net profit, yoy, at Rs 5,444.89 crore.
- Power Grid Corp reported a 3.06% decline in net profit, yoy, at Rs 1,201.27 crore.
- Sun Pharma reported a net loss of Rs 317.62 crore as compared to a net profit of Rs 6.30 crore (yoy).
- Tata Motors reported a net loss of Rs 1,845.63 crore as compared to a net loss of Rs 803.53 crore (yoy).

Q2FY15 Result Review

With the Q2FY15 earnings now behind us, our analysis shows that the overall performance of the companies was muted in Q2FY15. On the sector front, Auto, IT and Banking sector posted encouraging results. Oil & Gas and Metal sector reported disappointing numbers in September 2014.

Auto Sector: Auto sector companies' volume growth picked up in Q2FY15 driven by economic recovery and lower fuel prices. Hero Honda was outperformers while M&M and Bajaj-Auto posted disappointing numbers.

Banking Sector: The performance of banking sector companies were in line with expectations. Q2FY15 was an important quarter for private banks, where we saw private banks improving loan growth, while growth at public sector banks (PSU) slowed. For the PSU banks, their loan growth slowed to 14% y-o-y compared with private banks at 19%. The PSU banks except SBI and Bank of Baroda reported weaker results.

IT Sector: IT companies reported better earnings in Q2FY15, the top four IT services companies to report a healthy growth in revenues due to depreciation in the rupee against the dollar. Infosys, HCL Technologies and Wipro to report a Y-o-Y growth in net profit of 45%, 30% and 23% respectively. Tata Consultancy Services reported 11% Y-o-Y decline in net profit, lower than expected Jul-Sep numbers.

Oil & Gas Sector: All of the energy companies except Reliance Industries saw a contraction in earnings. Reliance Industries reported 4.6% Y-o-Y rise in net profit. Heavyweights like Cairn India and BPCL and ONGC saw contraction in earnings growth.

Metal Sector: Metal companies witnessed mixed growth in September quarter. Tata Steel posted 59% Y-o-Y rise in net profit and SSLT reported 25% Y-o-Y rise in net profit while Hindalco reported 78% Y-o-Y decline in net profit. China's steel industry is a big cause for concern due to shrinking demand and heavy losses. However, slowdown in Chinese economic growth has impacted international iron ore prices and led to higher Chinese steel exports.

Capital Goods Sector: The earnings of the capital goods companies disappointed in Q2FY15 due to a decline in the net profit of heavyweight BHEL. However L&T and Crompton Greaves reported healthy growth.

ARI - Equity Outlook & Commodity Pick

Bulls are back: Nifty's Technical View

Uptrend: Buy on Dips

It looks like the bulls are back in control of the stock market, with November 2014 continuing the rally and registering new all time high. The positive sentiments were mainly lifted due to sharp decline in crude prices coupled with falling CPI inflation data. The Sensex closed with a gains of 2.97% whereas the Nifty gained 3.20% vis-à-vis the previous month.

Technical Observation:

- We reiterate our view that after testing the 5-months EMA we observe formation of a bull candle on Nifty's monthly chart. This suggests that momentum on the upside is likely to continue.
- On the weekly chart, we maintain our stance that Nifty, after testing the median line of the channel, has formed a strong bull candle which suggests that the upside momentum is likely to continue.
- On the daily chart, we are observing an upward gap area in the range of 8506 to 8516. Normally according to gap theory, the upward gap area would act as support for the market going forward.

Future Outlook:

The current price action both on the weekly and daily time frame suggests that the undertone in the market is positive. We reiterate our view that the weekly trend remains up therefore one should adopt buy on decline strategy. On the downside, the gap area of 8506 to 8516 is initial support for the market. The next support below the gap area is at 8411 – 8280 – 8179 levels. On the upside, in coming month, if Nifty trades and closes above 8617 level, there is high probability that Nifty may test 8751 – 8924 – 9000 levels in couple of months.

Broadly, the trend remains up hence any consolidation or a correction up to 8411 – 8280 levels is an opportunity to go long for target of 8818 – 8924 levels.

Nickel Buy

CMP: ₹ 1023 (As on 03rd Dec, 2014)

Buy: ₹ 1023-985

Target Price: ₹ 1130-1180

Stop-Loss: <₹ 959

Nickel, the silvery white lustrous metal saw a phenomenal rally in the year 2006 and early 2007. Prices raised four folds in that era, from a humble Rs 600 per kg to a 'king's ransom' kind of Rs 2300 per kg in just 14 months. The quick gigantic rise saw an equally disastrous decline in following years with prices reaching as low as Rs 440 per kg in 2009.

The aim of discussing above statistics is to throw light on the technical fact that both bullish and bearish primary trends have been relatively short lived and the metal, which has broadly remained range bound in last 3-4 years is gearing up for an impulsive move, if time harmony works accurately.

On monthly chart, a moving average band (8 & 34 DMA) is seen in a positive crossover whereas a lazy MACD sleeping near zero line is now rising up for a fresh move. Open interest and volume were consistently falling along with prices till November contract expiry which is again an indication for a reversal. All in all, the metal is getting ready for the highly impulsive wave 'C' if not a wave 3 which must take prices beyond Rs 1300 per kg, the level last seen in Feb-2011.

Fundamentally, Nickel pig iron (NPI) is losing ground as it is facing tough time in terms of competition with pure nickel. NPI is a low grade alternative to pure nickel which was made available by China when nickel prices soar way back in 2007. Stainless steel companies which produce high quality products are moving back to pure nickel as they are getting better output by paying a little extra. Thus, the demand wheel is again moving into pure nickel zone which is likely to bring in a sustainable rally.

We recommend Buy on January contract at CMP Rs 1023 and accumulate on dips to Rs 995-985 for targets in the range of Rs 1130-1180. Maintain stop loss below Rs 959.

ARI - Currency Outlook

USD-INR SELL

CMP: ₹62.20 (As on 02nd Dec, 2014)

Sell: at 62.20 or on rise till 63.20

Target Price: ₹59.00

Stop-Loss: >₹64.50

From the last couple of months we have seen less volatility in USD-INR, because of outstanding performance of the local share markets. However, dollar index remained 1.51% higher at 88.23 against all other currencies of major economies. This is a signal that US economy is growing at a faster pace than all other economies. Due to tight check on the liquidity in the market by RBI and increase in GDP numbers by 0.1% Y-o-Y basis, are not letting Indian rupee to lose its sheen.

USD-INR prices are expected to remain in the tight range of 63.20 – 61.10 for medium term. For the 2 months consecutively USD-INR prices have failed to sustain and settle above crucial resistance of 62.80, which is 38.2% Natural Fibonacci retracement of the recent downfall. Prices are sustaining above the short and medium term moving averages at the same time volumes have declined substantially indicating less strength in the trend. The momentum indicator RSI (14) is treading at 58 and is sustaining above its moving average. This may cap down side target for USD-INR.

For the traders with medium term prospective one should remain on the sell side at current level of 62.20 and also on the rise of 63.20 for the target of 59.00 with stop loss above 64.50.

Trading Glossary

Doji

The doji is a commonly found pattern in a candlestick chart of financially traded assets (like stocks and futures) in technical analysis. It is characterized by being small in length—meaning a small trading range—with an opening and closing price that are virtually equal.

The doji represents indecision in the market. A doji is not as significant if the market is not clearly trending, as non-trending markets are inherently indicative of indecision. If the doji forms in an uptrend or downtrend, this is normally seen as significant, as it is a signal that the buyers are losing conviction when formed in an uptrend and a signal that sellers are losing conviction if seen in a downtrend.

RSI

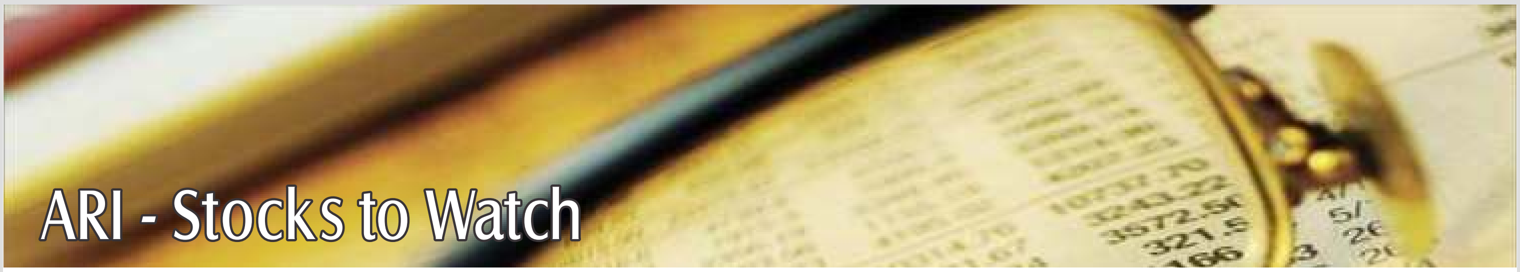
A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset. The RSI helps to measure the strength of a security's recent up moves, compared to the strength of its recent down moves. This helps to indicate whether a security has seen more buying or selling pressure over the trading period. A trader using RSI should be aware that large surges and drops in the price of an asset will affect the RSI by creating false buy or sell signals. The RSI is best used as a valuable complement to other stock-picking tools.

Selling a naked put

A strategy designed to profit from shorting an unhedged Put to collect a premium. If you believe that a stock won't drop very much and have a bullish bias on it, you might consider a short put. The max loss is the strike price minus the premium plus transaction costs. The problem: you have no hedge. Hence, you're "naked"—meaning, you're exposed, without a safety net.

Shorting

To short is to sell an asset, such as an option or stock that you don't own in order to collect a premium. The idea being that if you believe the price of the asset will decline, you can buy back (or "cover") your short at a lower price later. Your potential profit would be the difference between the higher price you shorted at and the lower price you covered.



ARI - Stocks to Watch

Aditya Birla Nuvo Ltd **BUY**

CMP: ₹ 1786 (as on 04th Dec, 2014)

Buy: ₹ 1786-1750

Target Price: ₹ 1860-1950-2050

Stop-Loss: ₹ 1700

Aditya Birla Nuvo Ltd is a diversified conglomerate operating into manufacturing as well as service sector businesses. Aditya Birla Nuvo Ltd, a USD 4 billion conglomerate by revenue size, is part of Aditya Birla Group. Having a market cap of about USD 3.5 billion as on 30th September, 2014, The Company operates in five major business segments namely manufacturing, fashion & lifestyle, telecom, IT-ITeS, and financial services. Anchored by over 49,000 employees, Aditya Birla Nuvo Ltd has a domestic customer base of over 144 million. It has significant exposure to overseas market and gets around 50% of total revenues from overseas market.

Aditya Birla Financial Services ranks among top 5 fund managers in India (excl. LIC), with an AUM of USD 23.1 billion as on 30th September 2014 and an annual revenue size of over USD 1.1 billion (2013-14). Trusted by 5 million customers and anchored by 13,000 employees, it has a nationwide presence through over 1,500 points of presence and about 130,000 agents/ channel partners.

Technical Outlook:

On the daily chart, the stock has taken support on the lower trendline of the channel. Further the momentum indicators are gaining strength. This suggests upside momentum.

We recommend BUY on the stock at current price or on a decline up to Rs 1750 levels with a stop loss of Rs 1700 for a target of Rs 1860-1950-2050 levels.

Bata India Ltd **BUY**

CMP: ₹ 1329 (as on 04th Dec, 2014)

Buy: ₹ 1329-1285

Target Price: ₹ 1400-1430-1474

Stop-Loss: ₹ 1220

Bata India Ltd is the largest retailer and leading manufacturer of footwear in India. It is primarily engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network. Its stores offer a range of footwear for men, women, and kids as well as school and sports shoes. The company also offers various accessories, such as socks, polishes and brushes, belts, school bags, and ladies handbags; and foot care products. It offers products under the brands of Hush Puppies, Scholl, North Star, Power, Marie Claire, Bubble gummers and Comfit brands. It has vast distribution network with 1,250 stores across the country. It has footwear manufacturing units at Bata Nagar (W.B.), Bataganj (Bihar), Mokameh Ghat (Bihar), Faridabad (Haryana), Bangalore and Hosur (Tamilnadu). Bata India Limited operates as a subsidiary of Bata (BN) B.V., Amsterdam, The Netherlands.

Technical Outlook:

On the daily chart, the stock has bounced from the lower trendline of the channel. At present the stock has given a strong breakout from a downward sloping trendline. Any move above the median line of the channel would propel the momentum on the upside.

We recommend BUY on the stock at current price or on a decline up to Rs 1285 levels with a stop loss of Rs 1220 for a target of Rs 1400-1430-1474 levels.

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ARI - Mutual Fund Update

Mutual Fund Roundup

Indian equity markets ended the November month on a positive note. The barometer index, Sensex delivered positive return of 2.97% closing the month at 28693.99 while CNX Nifty ended with 3.20% gain settling at 8588.25.

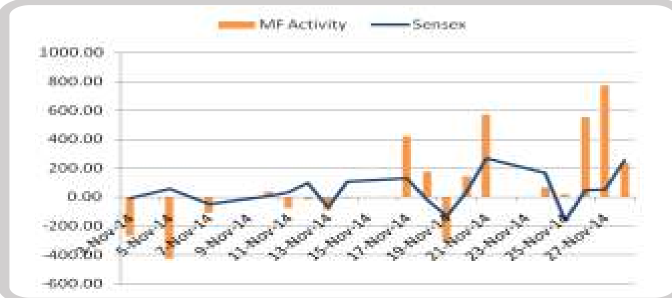
MF Activity

Indian equity markets logged fresh record highs during the month of November 2014. Indian mutual funds turned net buyers of equities to the tune of Rs 1,676.90 crore for the month of November 2014. This marks the seventh consecutive month of inflows into equities. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 1,642.20 crore of equities. On the other hand, the net investment by foreign institutional investors (FIIs) into Indian equities was Rs 13,753.29 crore in November 2014.

Mutual Fund Activity in November 2014

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1st Week	1796.30	2601.00	-804.80
2nd Week	3609.30	3770.70	-161.40
3rd Week	4621.40	3620.30	1000.90
4th Week	6538.40	4896.40	1642.20
Total	16565.40	14888.40	1676.90

(Source : SEBI)



Equity Scheme Recommendation

Aggressive: High Risk, High Return										
Scheme Name	Latest NAV*	Launch Date	Asset Allocation	Returns (%)				Minimum Investment Amount		Fund Type
				One Year	Three Years	Five Years	Since Inception	SIP	Lumsum	
HDFC Equity Fund	485.59	01-Jan-95	15%	69.33	27.32	16.99	21.52	1,000	5,000	Multi Cap Fund
HDFC Top 200	355.73	11-Sep-96	25%	59.06	25.10	15.35	21.65	1,000	5,000	Large Cap Fund
DSP BlackRock Opportunities Fund	142.31	16-May-00	10%	54.32	23.96	14.76	20.03	1,000	5,000	Large-Mid Cap Fund
IDFC Premier Equity Fund	65.84	28-Sep-05	25%	64.77	29.39	21.89	22.81	2,000	25,000	Mid-Cap Fund
DSP Black Rock Small and Midcap Fund	34.01	14-Nov-06	10%	80.76	30.02	20.50	16.44	1,000	5,000	Mid-Cap Fund
Tata Pure Equity Fund	159.16	01-Dec-93	15%	42.35	22.02	13.15	18.17	1,000	5,000	Large Cap Fund

Moderate: Medium Risk, Medium Return										
Scheme Name	Latest NAV*	Launch Date	Asset Allocation	Returns (%)				Minimum Investment Amount		Fund Type
				One Year	Three Years	Five Years	Since Inception	SIP	Lumsum	
HDFC Equity Fund	485.59	01-Jan-95	22%	69.33	27.32	16.99	21.52	1,000	5,000	Multi Cap Fund
DSP BlackRock Equity Fund	27.30	07-Jun-07	18%	63.58	23.67	14.70	14.36	1,000	5,000	Multi Cap Fund
DSP BlackRock Small and Midcap Fund	34.01	14-Nov-06	10%	80.76	30.02	20.50	16.44	1,000	5,000	Mid-Cap Fund
ICICI Prudential Focused Bluechip Equity Fund	29.32	23-May-08	20%	49.59	24.84	17.59	17.94	1,000	5,000	Large Cap Fund
Franklin India Bluechip	345.81	01-Dec-93	30%	45.18	20.81	14.43	22.35	1,000	5,000	Large Cap Fund

Conservative: Low Risk, Low Return										
Scheme Name	Latest NAV*	Launch Date	Asset Allocation	Returns (%)				Minimum Investment Amount		Fund Type
				One Year	Three Years	Five Years	Since Inception	SIP	Lumsum	
ICICI Prudential Focused Bluechip Equity Fund	29.32	23-May-08	20%	49.59	24.84	17.59	17.94	1,000	5,000	Large Cap Fund
HDFC Top 200 Fund	355.73	11-Sep-96	10%	59.06	25.10	15.35	21.65	1,000	5,000	Large Cap Fund
Nifty BeES	868.90	28-Dec-01	15%	42.33	22.30	12.80	17.90	NA	10,000	Large Cap Fund
DSP BlackRock Top 100 Equity Fund	158.89	10-Mar-03	20%	47.37	21.04	12.70	26.59	1,000	5,000	Large Cap Fund
HDFC Prudence Fund	379.10	01-Feb-94	35%	62.31	24.78	17.63	19.06	1,000	5,000	Hybrid fund

Personal Finance

6 Retirement Risks You Need To Be Prepared of

Planning for retirement is an integral part of your life {money wise) and time and again the emphasis on starting to save early for the retirement is reinstated.

Once you decide to start planning for your retirement you need to anticipate and make provision for unanticipated retirement risks. This is essential to maintain your desired lifestyle during your retirement years. It is imperative that you prepare a robust retirement plan that can protect you from various retirement risks.

Ensuring your assets last throughout your retirement years requires careful planning right now to determine how retirement risk factors may affect your income and lifestyle over time. Here's a look at six key retirement risks that you should take into consideration when setting your retirement plan and ensure they do not detriment your well-being in your golden years:

- Inflation: Inflation is the biggest concern for retirees, especially those who are witnessing the impact of rising inflation over the past few years. In the long run you will have years when the inflation will be more than what you had anticipated. Even low rate of inflation can have a serious impact the well-being of retirees who live for many years. For this you need to consider inflation in your plan and need to do investments so that it can beat inflation.

- Running out of money and longevity: You need to work on estimates, assumptions and possibilities to arrive at a sizeable retirement corpus. With increasing life span, many people spend more time in retirement than in working. You need to ensure that your retirement corpus lasts long enough. For someone retiring at age 60, another 25-30 years in retirement is possible and it will be good to plan accordingly.

- Investment volatility: It is important to understand the need for equity exposure because of its long term benefits compared to fixed return investments and maintain a diversified portfolio. However the volatility associated with unknown swings in the market and making poor investment choices can play a spoilsport in your retirement planning. Moreover, investment losses are unbearable after retirement because of lack of supportive income. Although many retirement savers bring down the risk in their portfolio in the years leading up to and immediately after retirement by moving allocation towards safer asset class. Make sure to have a well-diversified portfolio based on your profile both pre and post retirement.

- Health expenses: Health and asset insurance is a must in retirement to take care from risk that you may exposed to. While health insurance is a must but after a certain age it may be difficult to obtain insurance. As you grow older you are prone to have greater healthcare needs and may need frequent treatment for a number of different health-related issues. So make sure you plan a sufficient corpus to take care of unexpected healthcare needs.

- Depleting assets too quickly: You need to create a plan to spend your nest egg after retirement. You need to set up regular withdrawals from investment accounts, spending only the interest and dividends earned each month and using capital savings only for emergencies or major expenses.

- Retiring Young: If you plan to retire early, you should understand the number of years in retirement that you will live for. Someone wanting to retire at 45 may have worked for the retirement corpus for 20 years, but life in retirement could be 40 years, which is twice the working years that went into building the corpus. You need to understand the consequences of retiring young and the impact of such a move on your finances and quality lifestyle.

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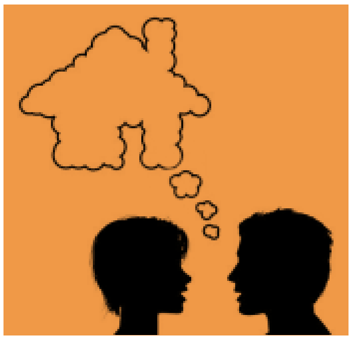

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