

Key developments during the week

- India Jan-Mar GDP growth 7.5% vs 6.6% a quarter ago
- India Apr fiscal deficit 1.275 trln rupees vs 1.135 trln YoY
- India Apr tax mop-up 348.16 bln rupees, up 20.9% YoY
- Jaitley says to give more tax sops to individuals to boost spending
- Finance minister source says plans to levy Swachh Bharat cess put on hold
- Telecom minister says aim to have 500 mln internet users in two years
- Ministry extends airport privatization bid deadline as response poor
- Expenditure panel meets Jaitley; says hopes to give report by end Dec
- Govt source says panel on FIIs' MAT issue likely to submit report by Jul
- Gadkari says aims to award 3.5-trln-rupees road projects in 6 months
- Food minister says no decision as of now to create sugar buffer
- Govt sources say expect revenue-neutral GST rate to be around 20-22%
- Minister says looking to convert old power plants into UMPPs
- Govt working out plan to auction coal-linkage for unregulated sector
- Chief economic adviser says expect inflation around 5.00-5.25% in FY16

INDEX	29-May-15	22-May-15	Change (in %)
NIFTY	8433.65	8458.95	-0.30
SENSEX	27828.44	27957.50	-0.46
NSE 500	6959.85	6964.45	-0.07
NSE MIDCAP	3371.95	3334.80	1.11
NIFTY JUNIOR	19875.35	19901.65	-0.13
BSE SMALLCAP	11280.57	11207.66	0.65
BSE 200	3532.73	3536.23	-0.10

INDEX	29-May-15	22-May-15	Change (in %)
BSE AUTO	19079.79	19178.74	-0.52
BSE BANK	21511.65	21192.29	1.51
BSE CAPITAL GOODS	16802.01	16653.92	0.89
BSE CD	10666.11	10401.67	2.54
BSE FMCG	7847.38	7855.86	-0.11
BSE HEALTHCARE	16900.30	17082.85	-1.07
BSE IT	10910.45	11077.65	-1.51
BSE METALS	9728.35	9860.34	-1.34
BSE OIL AND GAS	9643.21	9497.03	1.54
BSE PSU	7815.80	7660.31	2.03
BSE REALTY	1537.68	1557.54	-1.28
BSE TECH	6122.23	6115.45	0.11

INDEX	29-May-15	22-May-15	Change (in %)
DOW JONES	18010.68	18232.02	-1.21
HANG SENG	27407.59	27992.83	-2.09
NIKKEI	20563.15	20264.41	1.47
FTSE	6984.43	7031.72	-0.67

Domestic events week ahead

- Jun 01:** Core sector growth for April, by commerce and industry ministry.
- Jun 01:** Manufacturing PMI for May, by HSBC.
- Jun 02:** RBI to detail second bi-monthly monetary policy for FY16.
- Jun 03:** Services and Composite PMI for May, by HSBC.
- Jun 04-09:** Major port traffic in Apr-May, by Indian Ports Association.
- Jun 04-09:** Foreign tourist arrivals in May, by tourism ministry.
- Jun 04-12:** Power generation for May, by Central Electricity Authority.

Source: NW18

Global events week ahead

- Jun 01:** China Manufacturing PMI, China Non-Manufacturing PMI, Japan Final Manufacturing PMI, China HSBC Final Manufacturing PMI, Spanish Manufacturing PMI, Italian Manufacturing PMI, German Final Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, US Final Manufacturing PMI, US ISM Manufacturing PMI
- Jun 02:** Spanish Unemployment Change, German Unemployment Change, UK Construction PMI, Europe CPI Flash Estimate y/y, Europe PPI m/m, US Factory Orders m/m
- Jun 03:** China HSBC Services PMI, Spanish Services PMI, Italian Services PMI, German Final Services PMI, Europe Final Services PMI, Italian Unemployment Rate, UK Services PMI, Europe Retail Sales m/m, Europe Unemployment Rate, OPEC Meetings, Europe Minimum Bid Rate, US ADP Non-Farm Employment Change, ECB Press Conference, US Trade Balance, US Final Services PMI, US ISM Non-Manufacturing PMI, US Crude Oil Inventories
- Jun 04:** Europe Retail PMI, UK Official Bank Rate, UK Asset Purchase Facility, UK MPC Rate Statement, US Unemployment Claims
- Jun 05:** French Trade Balance, Europe Revised GDP q/q, US Non-Farm Employment Change, US Unemployment Rate



Weekly Sector Outlook and Stock Picks

Auto sector – Positive bias seen on likely rate cut by RBI

Stocks of major automakers are seen trading with a positive bias this week, due to a likely 25-basis-point cut in interest rates by the Reserve Bank of India in its bi-monthly monetary policy for 2015-16 on Jun 2. The rate cut will result in the outlook for auto stocks turning positive. During the last week, two auto giants Tata Motors Ltd, and Mahindra & Mahindra Ltd reported their respective earnings for Jan-Mar, and their counters are seen taking cue from the numbers, apart from RBI's policy review. Tata Motors Ltd's Jan-Mar consolidated net profit declined 56.2% y-o-y to 17.16 bln rupees, as higher depreciation and amortisation costs along with a whopping 220-mln-pound-sterling foreign exchange loss for its arm Jaguar Land Rover Automotive Plc, dragged the company's bottomline. The fall in net profit was way more than expectations of the market, and the same is seen keeping the counter under pressure in the week ahead as well. Owing to a higher base last year and declining sales in a tough operating environment for the tractor business, Mahindra & Mahindra Ltd reported a 39% decline in net profit for Jan-Mar at 5.50 bln rupees. M&M's results, too, were below expectations, and its counter is also seen trading with a negative bias during the week. The CNX Auto Index is also seen trading with a negative bias this week.

Bank Sector – Seen outperforming this week on RBI rate cut hopes

Banking shares are seen outperforming initially this week on hopes of a 25-basis-point repo rate cut from the Reserve Bank of India at its second bi-monthly monetary policy statement of 2015-16 on Jun 2. While expectations of a repo rate cut will drive sentiment, some profit booking could emerge later in the week if the RBI does cut the repo rate down to 7.25%. Friday, the Bank Nifty ended at 18721.35, up 1.56% for the week. Some of the smaller state-owned banks, such as Indian Overseas Bank and Allahabad Bank are seen as better investment opportunities than the others.

Capital Goods Sector – In range with a positive bias, L&T eyed

Shares of most capital goods companies are likely to move in a narrow range with a positive bias this week, as a better-than-expected gross domestic product data could negate effects of what has been a lackluster earnings season. India's gross domestic product growth in Jan-Mar accelerated to 7.5% from 6.6% a quarter ago, primarily on account of a pickup in industrial growth. The growth in manufacturing sector rose to 5.6% in Jan-Mar from 3.6% a quarter ago, but agriculture and services slowed. However, the investor sentiment could turn sour for the sector if industry heavyweight Larsen & Toubro reports weak earnings. The company is seen reporting standalone net profit of 19.81 bln rupees for Jan-Mar, down 27%, owing to a high base in the corresponding quarter a year ago and muted performance of its power business.

Cement Sector – Seen up on RBI rate cut hopes

Cement stocks are seen gaining this week on the expectation that the Reserve Bank of India will cut policy rates. The RBI will come out with its second bi-monthly monetary policy statement of 2015-16 on Jun 2. We believe that the central bank will cut rates by 25 basis points. If the announcement of rate cuts is on expected lines, rally will fizzle out, and if the cut happens by 50 basis points, another rally on the cards. Shares of Ambuja Cements are seen consolidating at current levels. ACC is not likely to witness much of an upside. In case of correction in cement stocks among large cap companies, Ambuja Cements and UltraTech Cement shares are more preferable to other companies, while in mid-cap companies, JK Lakshmi Cement Ltd and JK Cement Ltd stocks are preferred. Cement stocks are also likely to take cues from the earnings of Jaiprakash Associates Ltd.

FMCG Sector – Seen rangebound; profit sales likely in Marico

Shares of fast-moving consumer goods companies are expected to trade rangebound this week, with Marico likely to witness some profit booking after rising 7% on week. With the earnings season coming to an end, there are no fresh triggers for the sector and hence the trend is seen rangebound in the near term. The onset and distribution of the southwest monsoon in the country is the next major thing that market players will be watching. The southwest monsoon is crucial as it affects rural demand patterns for consumer goods. Considering that most companies reported better volume growth in sales in Jan-Mar and expectation of revival in demand in the current financial year, the FMCG sector likely to be positive in the long term. On the whole, The Reserve Bank of India's second bi-monthly monetary policy for 2015-16 (Apr-Mar) on Jun 2 will be the driving factor equity markets. FMCG companies will take cues from trends in broader markets.

**IT Sector – Seen in tight range, monetary policy eyed**

Shares of information technology companies are expected to trade in a narrow range this week, with large-cap companies are seen consolidating in absence of fresh triggers. Market participants will closely track the second bi-monthly monetary policy of the Reserve Bank of India scheduled on Jun 2. The Indian equity markets witnessed another volatile week, led by a multitude of companies reporting their financial results for the quarter ended Mar 31. Benchmark indices ended in the red during most of the sessions last week, as traders rolled over short positions into the June derivative contract. Among the large-cap IT companies, shares of Tech Mahindra slid considerably after the company reported disappointing Jan-Mar earnings. The upside for most large-cap companies is limited this week as stocks will most likely consolidate. The rate-sensitive sectors are the ones to watch out for with the monetary policy coming up this week. With the earnings over, there aren't too many triggers. The rupee-dollar movement will also be the key. Volatility in the currency could weigh negatively on IT stocks while depreciation will be broadly positive.

Oil Sector – PSU refiners seen positive this week

Shares of the three state-owned oil marketing companies IOC, BPCL and HPCL are likely to continue the positive momentum this week, buoyed by a sharp improvement in their Jan-Mar operating performance. All the three refiners reported a significant growth in their refining margins in line with the global market, and in marketing margins because of deregulation of diesel prices and streamlining of cooking gas subsidy. IOC's Jan-Mar gross refining margin soared to \$8.77 per barrel from \$2.17 a year ago, BPCL's GRM expanded to \$7.85 from \$6.60 and HPCL's to \$7.47 from \$4.66. Given the current trend, operating parameters of the three companies will only improve going forward. Declining debt following lower subsidy and its timely disbursement has further lifted their bottomline. HPCL is seen gaining the most given its high exposure to marketing and lower to refining. The broad market trend will also be the key. With the Reserve Bank of India's bi-monthly policy review due on Jun 2, the markets are expected to open up this week on hopes of a rate cut. ONGC and Oil India, on the other hand, reported poor earnings for Jan-Mar and with oil prices prevailing at low levels, the shares of these two companies may trade in a range with a negative bias.

Pharma sector – Seen up this week on positive short-term trend

Shares of major pharmaceutical companies are seen trading positively this week as the sector has portrayed signs of a near-term positive trend. Shares of Sun Pharmaceutical Industries Ltd, Cipla Ltd and Glenmark Pharmaceuticals Ltd are expected to trade according to their Jan-Mar earnings. India's largest drug maker Sun Pharma's consolidated net profit for the March quarter almost halved on year to 8.8 bln rupees, Cipla's Jan-Mar consolidated net profit was only marginally down to 2.59 bln rupees. Mumbai-based Glenmark Pharma's consolidated profit after tax also fell drastically to 106.1 mln rupees during Jan-Mar, against 430.7 mln rupees last year.

Metal Sector – Seen range-bound with a negative bias

Shares of major metal companies are seen to trade in a rangebound manner with a negative bias this week. Stocks are expected to follow a weak-to-sideways trend this week. No buyer interest is seen in the sector, except for shares of Hindustan Zinc Ltd and JSW Steel Ltd, which might fare better than their peers. Most of the companies in the sector have reported weak earnings in the March quarter. Share of SAIL is seen weak after its bottomline fell 26% y-o-y to 3.34 bln rupees. Among mining companies, Hindalco Industries Ltd and NMDC Ltd's bottomline declined 36% and 31% respectively. High imports from China, South Korea and subdued demand for steel affected the net realisations for most of the steel companies in the March quarter. The prices of iron ore and steel would continue to slide if pressure from Chinese imports does not decline. Shares of SAIL and Hindalco are seen weak in the following week.

Telecom Sector – Trend mixed; Bharti Airtel seen up

Shares of major telecom companies are expected to exhibit mixed trends this week. While Bharti Airtel is likely to trade with a positive bias, Idea Cellular and Reliance Communications are seen remaining negative to range bound. The outlook for the telecom stock is mixed. Bharti Airtel is expected to gain further and remain positive this week. Another sector major Idea Cellular is expected to remain weak due to correction in the stock. Bharti Airtel, hit a one-month high of 417.75 rupees, is expected to gain further this week. Till date, the stock has risen 6% over the month in a weak broader market. Though there are no fundamental reasons behind telecom stocks faring well this week, they might follow the broader market which is expected to take cues from the Reserve Bank's monetary policy. The Reserve Bank of India's second bi-monthly monetary policy for 2015-16 on Jun 2 will be the driving factor for Indian equities.



Market range for the week 8220- 8650

Nifty	Values
Support 1	8380
Support 2	8250
Support 3	8220
Resistance 1	8480
Resistance 2	8550
Resistance 3	8650

Resistance – Nifty may face resistance at 8480 level above this level it may go up to 8550-8650 level.

Support - Nifty has support at 8380 level below this next support at 8250-8220 levels.

Technical – During the week, CNX Nifty opened at 8438.15 and touched the highest level of 8443.90 and lowest level of 8270.15. The CNX Nifty ended at 8433.65; drag 25.3 points or -0.30%. The S&P BSE Sensex opened at 27893.25 and touched the highest level of 27903.29 and lowest level of 27354.35. The S&P BSE Sensex closed at 27828.44; drag 129.06 points or -0.46%.

For the coming week, we expect the market range of 8220-8650.

Weekly Chart View –

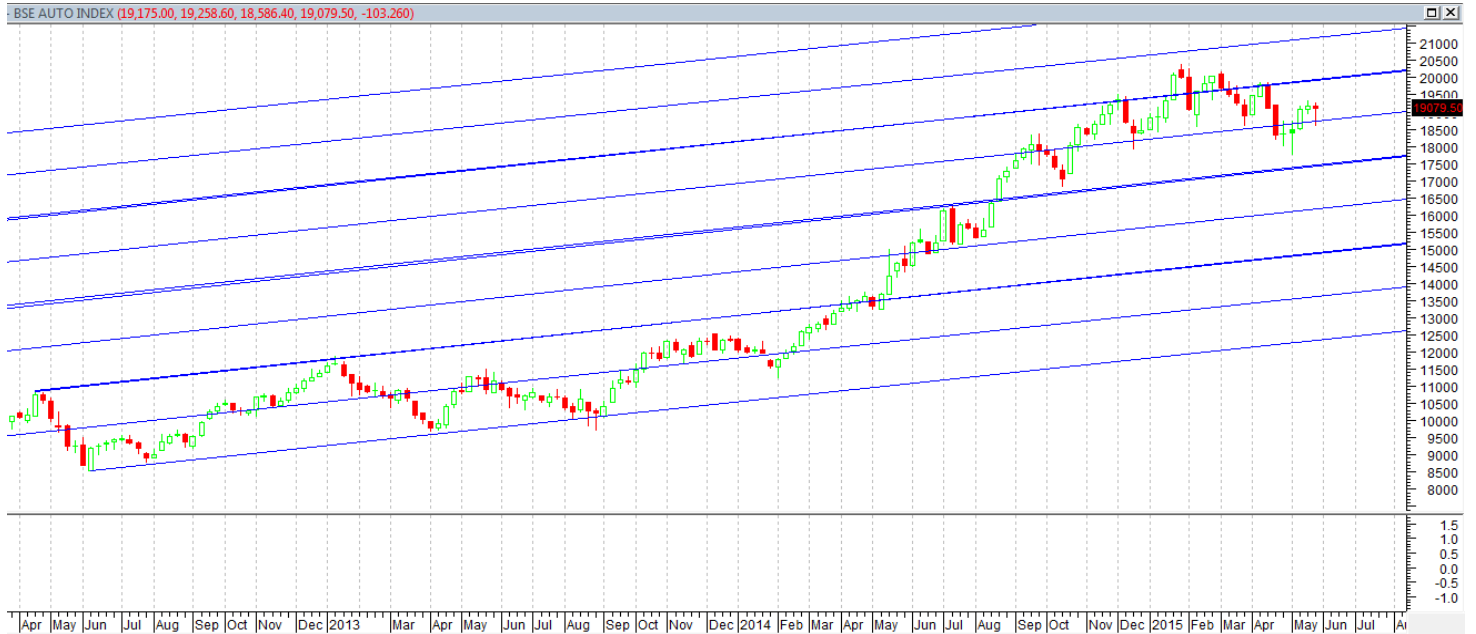
We had mentioned in last week's report that on the daily chart, we witness series of narrow range body formation and on weekly chart Nifty was near to 50WMA, because of that we had mentioned we can see stocks specific move and all we have seen same. Now on daily chart we get closed above 200DMA and breakout of consolidation. On weekly chart we can see "Doji" candle. So overall still we can see some stocks specific move and from here 8445-8490 will be major resistance above that we can see some upside move and from here 8320-8250 will be good support around that level we can see buyer in the market.

Weekly Chart



Weekly Sectoral Technical Outlook

BSE Auto Index	CMP: 19079
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BSE Auto

The current price action has formed two consecutive Spinning top candlestick pattern. This suggests that the upside momentum is losing breath. Those gone long at lower level should trail their stop loss to 18500 levels. On the upside if this sector trades above 19315 then it can test 19650 – 19850 levels.

BSE Bankex	CMP: 21511
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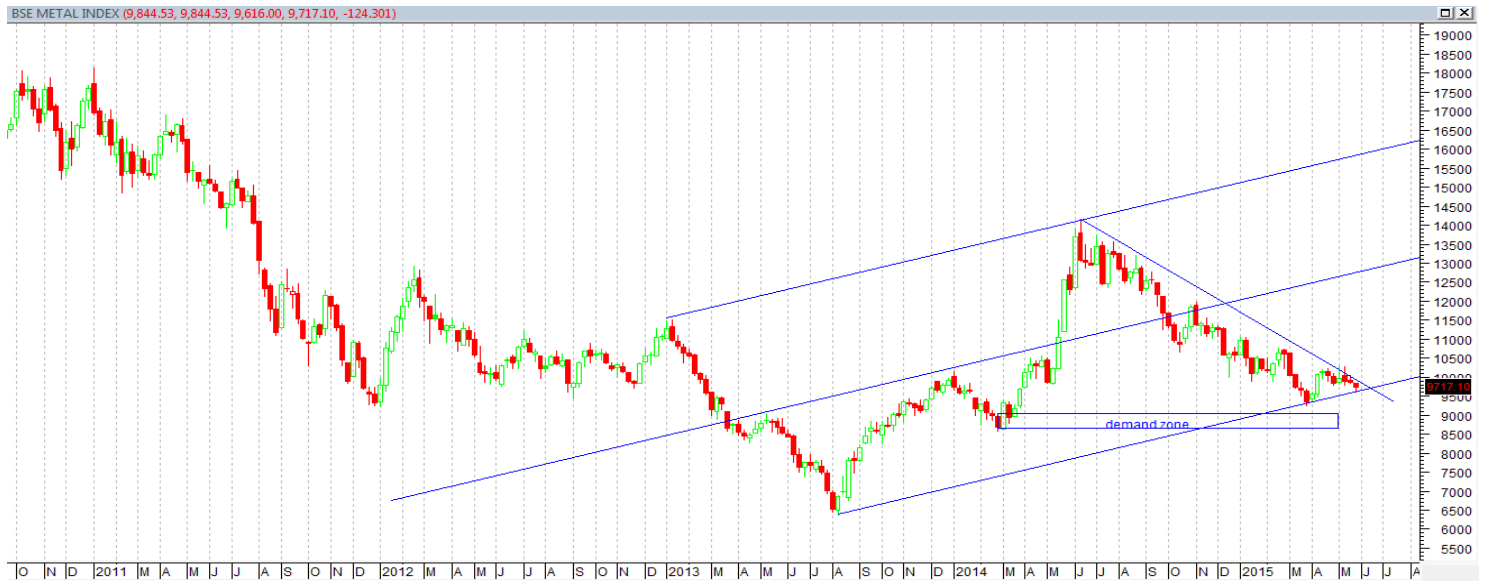
BSE Bankex

At present we are witnessing a termination pattern emerging on the weekly chart. . One can initiate longs above 21589 levels with a stop loss of 20948 for a target of 22000 - 22700 levels.



BSE Metal Index

CMP: 9728

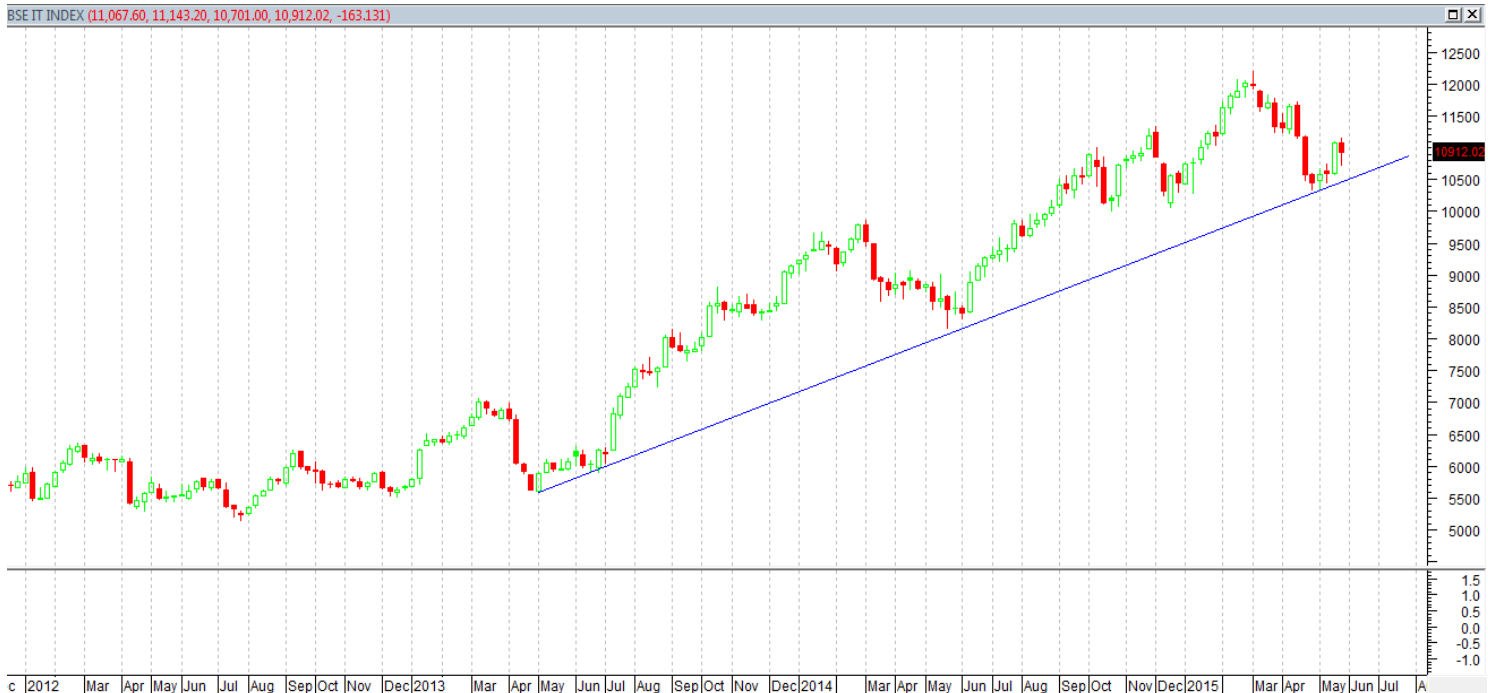


BSE Metal Index

We reiterate our view that the prices are facing resistance at the downward sloping trendline shown above in the graph. One has to wait for prices to close above the downward sloping trendline to go long in this sector. Hence, at present one should avoid the sector.

BSE IT

CMP: 10910



BSE IT

We maintain our positive stance on this sector. Those gone long at lower level should trial the stop loss to 10630. On the upside it can test 11300 – 11800 levels.



Weekly Technicals of Key Companies –

Company	Closing 29-May-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1512.40	1497.83	1542.57	1572.73	1467.67	1422.93
AMBUJACEM	237.60	234.77	244.53	251.47	227.83	218.07
ASIANPAINT	787.05	778.82	803.23	819.42	762.63	738.22
AXISBANK	585.40	576.97	595.73	606.07	566.63	547.87
BAJAJ-AUTO	2316.10	2309.28	2343.57	2371.03	2281.82	2247.53
BANKBARODA	162.60	159.90	166.10	169.60	156.40	150.20
BHARTIARTL	425.60	417.63	442.97	460.33	400.27	374.93
BHEL	251.65	246.32	263.33	275.02	234.63	217.62
BPCL	850.15	826.72	878.43	906.72	798.43	746.72
CAIRN	192.60	193.68	197.22	201.83	189.07	185.53
CIPLA	650.45	655.92	672.03	693.62	634.33	618.22
COALINDIA	391.05	383.80	401.00	410.95	373.85	356.65
DRREDDY	3535.25	3563.02	3636.03	3736.82	3462.23	3389.22
GAIL	388.85	385.93	401.87	414.88	372.92	356.98
GRASIM	3640.65	3604.92	3707.73	3774.82	3537.83	3435.02
HCLTECH	1010.75	1004.73	1050.97	1091.18	964.52	918.28
HDFC	1236.05	1243.53	1280.52	1324.98	1199.07	1162.08
HDFCBANK	1050.55	1040.72	1063.83	1077.12	1027.43	1004.32
HEROMOTOCO	2696.85	2660.65	2741.20	2785.55	2616.30	2535.75
HINDALCO	129.25	132.07	135.58	141.92	125.73	122.22
HINDUNILVR	859.55	855.62	868.88	878.22	846.28	833.02
ICICIBANK	317.25	314.55	321.60	325.95	310.20	303.15
IDEA	173.20	171.23	177.47	181.73	166.97	160.73
IDFC	154.55	154.20	156.05	157.55	152.70	150.85
INDUSINDBK	873.95	865.08	888.87	903.78	850.17	826.38
INFY	2023.15	2011.57	2068.13	2113.12	1966.58	1910.02
ITC	327.10	323.27	333.78	340.47	316.58	306.07
KOTAKBANK	1399.30	1387.13	1417.17	1435.03	1369.27	1339.23
LT	1654.45	1643.07	1681.13	1707.82	1616.38	1578.32
LUPIN	1833.25	1800.05	1888.10	1942.95	1745.20	1657.15
M&M	1258.10	1233.73	1297.82	1337.53	1194.02	1129.93
MARUTI	3785.70	3748.88	3825.77	3865.83	3708.82	3631.93
NMDC	129.05	129.47	133.08	137.12	125.43	121.82
NTPC	136.55	135.83	140.37	144.18	132.02	127.48
ONGC	329.85	326.75	340.30	350.75	316.30	302.75
PNB	153.65	153.33	159.12	164.58	147.87	142.08
POWERGRID	143.70	142.90	145.25	146.80	141.35	139.00
RELIANCE	877.00	885.67	899.33	921.67	863.33	849.67
SBIN	278.15	278.88	283.57	288.98	273.47	268.78
SUNPHARMA	966.10	974.22	1001.88	1037.67	938.43	910.77
TATAMOTORS	481.65	486.40	509.25	536.85	458.80	435.95
TATAPOWER	74.55	74.77	75.83	77.12	73.48	72.42
TATASTEEL	328.50	330.17	338.18	347.87	320.48	312.47
TCS	2610.30	2613.72	2645.18	2680.07	2578.83	2547.37
TECHM	554.40	588.10	635.20	716.00	507.30	460.20
ULTRACEMCO	2975.30	2942.20	3032.05	3088.80	2885.45	2795.60
WIPRO	561.70	556.15	571.05	580.40	546.80	531.90
YESBANK	882.30	870.63	896.02	909.73	856.92	831.53
ZEEL	323.75	321.65	328.10	332.45	317.30	310.85
ACC	1512.40	1497.83	1542.57	1572.73	1467.67	1422.93

Source: Iris Software



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