

**Key developments during the week**

- Jayant Sinha says private banks disbursed 200 bln rupees under MUDRA FY16
- Jayant Sinha says small savings rate to be recalibrated quarterly
- Govt says temples, trusts deposited 1,512 kg gold in monetisation plan
- National Pension System FY16 AUM up 46% YoY at 1.18 trln rupees
- FOMC keeps interest rates unchanged; omits commentary on global risks
- RBI Rajan says global source of "very short-term" liquidity needed
- RBI amends Foreign Exchange Management (Remittance of Assets) norm
- All-India house price index rises to 221.7 in Oct-Dec vs 218.2 in Jul-Sep
- Moody's says India GST, infra gap reduction face "uphill climb"
- Jaitley says banks told to act against guarantors for loan recovery
- Govt extends anti-dumping duty on data equipment from China, Israel
- FY16 major ports traffic 606.37 mln tn, up 4.3% YoY
- Jayant Sinha says oil, capital goods PSUs identified for divestment in FY17
- Finance minister source says not to revise EPF interest rate announced for FY16
- RBI Gandhi says there's ample room for consolidation among PSU banks
- Moody's sees India's general fiscal gap at 6% of GDP in 2016
- Jaitley says tea industry sought special treatment under GST regime
- India looking into countervailing duty on some Chinese steel imports

INDEX	29-Apr-16	22-Apr-16	Change (in %)
NIFTY	7849.80	7899.30	-0.63
SENSEX	25606.62	25838.14	-0.90
NSE 500	6588.55	6627.95	-0.59
NSE MIDCAP	3318.10	3348.10	-0.90
NIFTY JUNIOR	19323.20	19417.75	-0.49
BSE SMALLCAP	11020.59	11078.84	-0.53
BSE 200	3321.63	3341.18	-0.59

INDEX	29-Apr-16	22-Apr-16	Change (in %)
BSE AUTO	18469.40	18700.37	-1.24
BSE BANK	19114.83	19035.40	0.42
BSE CAPITAL GOODS	13202.64	13365.01	-1.21
BSE CD	11787.17	11936.22	-1.25
BSE FMCG	7697.38	7767.15	-0.90
BSE HEALTHCARE	15582.33	15588.81	-0.04
BSE IT	11330.17	11345.62	-0.14
BSE METALS	7958.93	8020.47	-0.77
BSE OIL AND GAS	9356.16	9458.66	-1.08
BSE PSU	6268.16	6354.16	-1.35
BSE REALTY	1356.71	1307.63	3.75
BSE TECK	6121.75	6102.61	0.31

INDEX	29-Apr-16	22-Apr-16	Change (in %)
DOW JONES	17773.64	18003.75	-1.28
HANG SENG	21067.05	21467.04	-1.86
NIKKEI	16666.05	17572.49	-5.16
FTSE	6241.89	6310.44	-1.09

Domestic events week ahead

- **May 02:** Automobile Sales Data, by Automakers
- **May 02:** Core sector growth for March, by commerce and industry ministry
- **May 02:** Nikkei Manufacturing PMI for April, by Markit Economics
- **May 04:** Nikkei services and composite PMI for April, by Markit Economics
- **May 04-11:** Power generation for April, by Central Electricity Authority

Source: Cogencies

Global events week ahead

- **May 02:** Japan Final Manufacturing PMI, Europe Final Manufacturing PMI, US Final Manufacturing PMI, ECB President Draghi Speaks, US ISM Manufacturing PMI
- **May 03:** China Caixin Manufacturing PMI, UK Manufacturing PMI, Europe PPI
- **May 04:** Europe Final Services PMI, UK Construction PMI, Europe Retail Sales, US ADP Non-Farm Employment, US Trade Balance, US Final Services PMI, US ISM Non-Manufacturing PMI, US Factory Orders, US Crude Oil Inventories
- **May 05:** China Caixin Services PMI, UK Services PMI, UK Unemployment Claims
- **May 06:** US FOMC Member Bullard Speaks, US Non-Farm Employment, US Unemployment Rate



Weekly Sector Outlook and Stock Picks

Auto Sector – Bias negative as SC mulls cess on diesel cars

Shares of automobile companies are seen taking their cues from sales numbers for April and from the Supreme Court's stance claiming green cess on all diesel cars is the way forward in India's fight against pollution. The bias in auto stocks would remain negative, as companies battle to prevent the imposition of a cess that would most likely kill diesel technology in the country altogether. The CNX Auto Index, which closed marginally down this week at 8,288 points, may go down, driven by the negative sentiment following the Supreme Court's stance. Maruti Suzuki closed 0.5% on week, is seen taking a further hit following the order. Maruti Suzuki sells its S-Cross and the newly launched Brezza only in diesel variants. Both cars cost the company in excess of 30 bln rupees each in research and development. Tata Motors is likely to extend losses this week. M&M is likely to be worst hit following the Supreme Court decisions, given the company's overwhelmingly large diesel sports utility vehicles portfolio.

Bank Sector – Seen trading with positive bias this week

The Nifty Bank is seen trading with a positive bias this week. The Nifty Bank index ended at 16795.00 points today, registering a rise of 0.55% since Apr 22, while the Nifty 50 and S&P BSE Sensex fell 0.63% and 0.90%, respectively, over the same period. Private sector lender ICICI Bank was in focus, closing 1.3% lower than Thursday's level and 5.97% lower since Apr 22, after posting a set of highly disappointing numbers for Jan-Mar. The bank's Jan-Mar net profit tanked 76.0% to a mere 7.02 bln rupees, missing expectations of 30.6 bln rupees profit, with the Reserve Bank of India's asset quality review continuing to take a toll on the profitability. The creation of a contingency reserve of 36 bln rupees over and above regulatory requirements against exposures to select sectors weighed.

Capital Goods Sector – Seen in range; Siemens earnings eyed

Shares of capital goods companies are seen rangebound, tracking the wider market and in the absence of any sector-specific triggers. The Jan-Mar earnings season for the sector has started on a negative note with ABB India reporting earnings below market view. Moreover, the engineering company's order inflows remained tepid for the quarter and margins too came much below estimates. While the management of the company is upbeat about future prospects in India, higher valuations saw the company's share prices corrected. Shares of the company have fallen 2.99% in the last five trading sessions. This week, Siemens Ltd will report its Jan-Mar earnings on May 6. The capital goods and engineering major is seen reporting net profit of 1.59 bln rupees, down 1.6% on year, and net sales of 27.57 bln rupees, up 6.5% on year. Shares of state-owned BHEL and sector bellwether L&T are expected to be flattish this week.

Cement Sector – Seen trading in range with negative bias

Shares of cement companies are seen trading in a range with a negative bias this week given the persistently weak demand for the building material in large parts of the country and lower than estimated Jan-Mar earnings reported by some large companies. Around a fourth of the country is facing water scarcity and drought, which has threatened agricultural output and rural incomes, in turn making prospects of cement demand bleak. Cement companies have also not been able to hike product prices much, adversely affecting the near term prospects of profitability.

FMCG Sector – Mixed trend likely, Godrej Consumer result eyed

Stocks specific movement is expected in the fast-moving consumer goods space this week and market participants will eye Godrej Consumer Products Ltd's Jan-Mar results. Shares of index majors Hindustan Unilever Ltd and ITC Ltd are seen trading in a range as both companies have not yet announced their results. Godrej Consumer Products is expected to post an 18.7% rise in its consolidated net profit at 3.1 bln rupees, while net sales are seen rising 8.3% at 22.5 bln rupees. Shares of Marico Ltd and Dabur India Ltd are expected to see positive movement on the back of strong Jan-Mar results posted by both companies. In Jan-Mar, Marico's reported a 25.8% rise in its consolidated net profit at 1.4 bln rupees and its net sales were up 6.5% at 13.03 bln rupees. Dabur India beat market estimates, reporting a 16.6% rise in its consolidated net profit at 3.32 bln rupees in Jan-Mar. Its net sales were up 11% at 21.57 bln rupees.

IT Sector – Stock-specific movement seen; HCL Tech seen weak

The movement in the information technology sector this week is expected to be stock-specific, with a majority of companies trading in a range. Market participants are expected to follow the earnings trend of IT companies closely to



take investment decisions. The Indian currency, which closed 66.4 rupees against the dollar, is seen strengthening the following week. Sentiments in US market have weakened on account of poor economic data and unclear stance of US Federal Reserve. However, these factors are not expected to have a significant impact on the IT sector on account of ongoing results. The US Federal Open Market Committee left the federal funds target rates unchanged at 0.25-0.50% but omitted language from its March statement implying global economic risks. Additionally, US first-quarter GDP grew by only 0.5%, lower than estimates of around 0.7%. Following disappointing Jan-Mar earnings, analysts have cut the target price on HCL Technologies' stock. The company's consolidated Jan-Mar net profit grew a mere 0.3% sequentially to 19.26 bln rupees as compared to expectations of 19.53 bln rupees. The company's operating margin stood at 22.2% as against 21.5% a quarter ago, disappointing the market. Wipro's weak guidance and Tata Consultancy Services lower-than-expected Jan-Mar margins have led to weakness in the stocks.

Oil Sector – PSU refiners seen positive; crude oil price eyed

Shares of public sector oil refining companies Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd are likely to continue their strong showing this week on expectations of favourable Jan-Mar earnings, backed by inventory gains and robust refining margins. In the absence of any major sector-specific triggers in the immediate term, the trend will be dictated by global prices of crude oil, broad market sentiment, and news flow. Prices of crude oil have improved over the past few weeks but there has not been any sharp rise. Despite an uptick in prices of crude oil being a negative for oil-refining companies' margins, in the current environment, these entities too have benefited from the gradual improvement. Shares of the three state-owned fuel retailers have been reacting positively on expectations of inventory gains as prices have inched up. Prices of crude oil are largely seen stabilising after some upward movement in the near-to-medium term, and a steep rise seems unlikely. As far as upstream players like ONGC Ltd, Oil India Ltd, and Cairn India Ltd are concerned, these stocks are likely to trade in a narrow range with a negative bias, and their fate will be decided by global prices of crude oil. Apart from that, focus of domestic equity markets will now be on corporate earnings for Jan-Mar, which is likely to shape sentiment in the broad market.

Pharma Sector – Seen mixed; Lupin may gain, Wockhardt result eyed

Shares of pharmaceutical companies are seen trading mixed this week, with Lupin Ltd likely to extend gains on expectation of strong Jan-Mar earnings and optimism due to recent product launches in the US. Lupin said it has reintroduced Methergine oral tablets in 0.2 mg strength in the US, which will bolster its branded drug portfolio. Methergine is the only US Food and Drug Administration-approved oral uterotonic and is a preferred oral agent in the prevention and management of postpartum haemorrhage. Market participants will await Jan-Mar earnings of Wockhardt Ltd, Pfizer Ltd, Sun Pharma Advanced Research Co Ltd, and Aarti Drugs Ltd this week.

Metal Sector – Seen up this week; Tata Steel in focus

Shares of major metal and mining companies are seen trading up this week due to improved outlook following reports that the government is considering a comprehensive package for the sector that has been struggling for more than a year. According to reports, Minister of State for Steel and Mines Vishnu Deo Sai said that even though the government is not devising a bailout plan for the sector which has been struggling for more than a year, it is considering working out a comprehensive package for the sector. Traders would continue to eye shares of Tata Steel this week as the company's UK operations' Chief Executive Officer Bimalendra Jha said that the company cannot "continue to bleed" and is looking to get out of the country as soon as possible. Jha said that the company needs to resolve first the pension liability issue with some help from the government as there will be no buyer for its operations in UK till this problem is resolved. According to media reports, the UK government is working with the pension scheme trustees at Tata Steel to reduce the impact on any buyer, and also considering the possibility to separate the scheme from the business.

Telecom Sector – Seen in range with positive bias this week

Shares of telecom service providers are seen moving in a narrow range over the week with an upward bias. Bharti Airtel Ltd's robust March quarter earnings announced Wednesday have buoyed investor sentiment for telecom shares. The country's largest telecom services operator impressed the market with 15.5% sequential rise in Jan-Mar consolidated net profit and handsome operating margins at 36.8%. Shares of Idea Cellular, which closed down 6.3% at 118.55 rupees, may bounce back this week. The stock fell even though the Aditya Birla Group Company reported better-than-expected numbers, on concerns over risk of rising debt as increased competition is forcing the company to accelerate 4G rollout obligations.



Market range for the week 7680-8020

Nifty	Values
Support 1	7820
Support 2	7750
Support 3	7720
Resistance 1	7880
Resistance 2	7950
Resistance 3	8020

Resistance – Nifty may face resistance at 7880 level above this level it may go up to 7950-8020 level.

Support - Nifty has support at 7820 level below this next support at 7750-7720 levels.

Technical – During the week, CNX Nifty opened at 7894.80 and touched the highest level of 7992.00 and lowest level of 7788.70. The CNX Nifty ended at 7849.80; drag 49.50 points or 0.63%. The S&P BSE Sensex opened at 25891.03 and touched the highest level of 26100.54 and lowest level of 25424.00. The S&P BSE Sensex closed at 25606.62; drag 231.52 points or 0.90%.

For the coming week, we expect the market range of 7680-8020

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 “Doji” candle, because of that we had mentioned 7950-7980 will be major resistance and all we have seen Nifty fail to sustain at higher levels. Now on the daily chart Nifty is struggling around 200DMA and on weekly chart we still witness “Narrow range” body formation. So according to combining above two formation 7950-7980 will be major resistance and only above that we can see some upside till that we can see some stocks specific move or consolidation.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 8288
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NSE Auto

At present, we are a narrow range bear candle which gives small clue that the current up move is losing breath. Those traders gone long in this sector should trial their stop loss to 8100. On the upside, this sector can test 8468 – 8600 levels.

NSE Bankex	CMP: 16795
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NSE Bankex

We maintain our stance that there is no clear positive pattern that suggests long in this sector. Hence, one should avoid this sector at present.



NSE Metal Index

CMP: 2045



NSE Metal Index

We still maintain our bearish stance on the sector. Aggressive traders gone long can trial there stop loss to 2000. On the upside it can test 2150 – 2300 levels.

NSE IT

CMP: 11196



NSE IT

We maintain our stance that this sector is in a bear grip. At present, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 29-Apr-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1443.15	1436.05	1466.10	1489.05	1413.10	1383.05
ADANIPORTS	238.20	235.73	244.47	250.73	229.47	220.73
AMBUJACEM	221.00	222.93	226.77	232.53	217.17	213.33
ASIANPAINT	866.25	872.25	888.50	910.75	850.00	833.75
AUROPHARMA	759.95	767.15	778.90	797.85	748.20	736.45
AXISBANK	472.40	471.78	485.52	498.63	458.67	444.93
BAJAJ-AUTO	2491.95	2512.65	2562.45	2632.95	2442.15	2392.35
BANKBARODA	157.90	158.03	163.22	168.53	152.72	147.53
BHARTIARTL	363.60	367.63	380.97	398.33	350.27	336.93
BHEL	125.40	126.62	130.08	134.77	121.93	118.47
BOSCHLTD	19664.00	19869.63	20194.37	20724.73	19339.27	19014.53
BPCL	978.00	977.05	995.70	1013.40	959.35	940.70
CIPLA	537.00	534.93	546.37	555.73	525.57	514.13
COALINDIA	288.05	288.45	293.25	298.45	283.25	278.45
DRREDDY	3088.70	3108.20	3149.40	3210.10	3047.50	3006.30
EICHERMOT	20035.00	20086.13	20322.27	20609.53	19798.87	19562.73
GAIL	360.35	363.62	373.43	386.52	350.53	340.72
GRASIM	4086.75	4074.58	4159.17	4231.58	4002.17	3917.58
HCLTECH	750.30	784.47	821.73	893.17	713.03	675.77
HDFC	1088.45	1098.17	1122.13	1155.82	1064.48	1040.52
HDFCBANK	1132.35	1117.85	1151.20	1170.05	1099.00	1065.65
HEROMOTOCO	2897.40	2924.30	2996.60	3095.80	2825.10	2752.80
HINDALCO	96.35	98.05	102.70	109.05	91.70	87.05
HINDUNILVR	867.90	874.63	890.07	912.23	852.47	837.03
ICICIBANK	236.95	241.20	251.10	265.25	227.05	217.15
IDEA	118.55	120.73	126.17	133.78	113.12	107.68
INDUSINDBK	1048.85	1025.50	1076.85	1104.85	997.50	946.15
INFRADEL	374.95	372.45	383.40	391.85	364.00	353.05
INFY	1208.10	1217.18	1233.27	1258.43	1192.02	1175.93
ITC	324.95	323.98	335.47	345.98	313.47	301.98
KOTAKBANK	717.15	702.68	734.27	751.38	685.57	653.98
LT	1254.60	1262.95	1280.40	1306.20	1237.15	1219.70
LUPIN	1607.25	1583.87	1641.23	1675.22	1549.88	1492.52
M&M	1330.95	1348.40	1379.55	1428.15	1299.80	1268.65
MARUTI	3794.65	3806.43	3920.97	4047.28	3680.12	3565.58
NTPC	139.30	139.75	143.40	147.50	135.65	132.00
ONGC	217.25	217.87	224.78	232.32	210.33	203.42
POWERGRID	143.40	143.38	146.27	149.13	140.52	137.63
RELIANCE	982.70	1002.00	1025.15	1067.60	959.55	936.40
SBIN	189.00	192.67	198.88	208.77	182.78	176.57
SUNPHARMA	811.30	809.82	822.63	833.97	798.48	785.67
TATAMOTORS	408.35	412.22	421.38	434.42	399.18	390.02
TATAMTRDVR	297.80	300.27	307.28	316.77	290.78	283.77
TATAPOWER	70.50	70.37	72.43	74.37	68.43	66.37
TATASTEEL	351.10	352.07	361.43	371.77	341.73	332.37
TCS	2535.50	2493.27	2584.23	2632.97	2444.53	2353.57
TECHM	486.15	480.28	494.87	503.58	471.57	456.98
ULTRACEMCO	3161.45	3213.02	3276.03	3390.62	3098.43	3035.42
WIPRO	554.35	555.57	562.78	571.22	547.13	539.92
YESBANK	942.95	922.18	973.22	1003.48	891.92	840.88
ZEEL	414.90	409.12	422.58	430.27	401.43	387.97

Source: Iris Software

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