



## Key developments during the week

- India Apr-Sep tax mop-up 5.969 trln rupees vs 4.906 trln YoY
- India Apr-Sep fiscal gap 3.786 trln rupees vs 4.388 trln YoY
- Finance minister source says FIPB clears 6 FDI proposals worth 19 bln rupees
- Bank sources say RBI against banks hedging gold risk on local bourses
- Govt to levy 5% withholding tax on rupee-denominated overseas bonds
- US Fed stays pat on rates; sets ground for interest rate hike in December
- World Bank sees India FY17 GDP growth at 7.8%
- Economy secretary says India better prepared to face US rate hike when it comes
- India offers \$10 bln concessional credit to Africa over next 5 years
- Oil minister says planning uniform tax structure for all LPG consumers
- PFRDA says in talks with govt for tax exemption status to pension plan
- Bank sources say RBI rejects IBA plea for CRR leeway on gold deposit
- India's rank in ease of doing business climbs 12 spots to 130
- Govt approves 16 FDI proposals worth 47.22 bln rupees
- Moody's says accommodative RBI policy to aid India NBFCs' asset quality
- Moody's sees global base metal prices remaining weak through 2016

INDEX	30-Oct-15	23-Oct-15	Change (in %)
NIFTY	8065.80	8295.45	-2.77
SENSEX	26656.83	27470.81	-2.96
NSE 500	6750.95	6913.05	-2.34
NSE MIDCAP	3307.30	3381.20	-2.19
NIFTY JUNIOR	19733.60	19943.05	-1.05
BSE SMALLCAP	11315.39	11519.28	-1.77
BSE 200	3404.18	3488.52	-2.42

INDEX	30-Oct-15	23-Oct-15	Change (in %)
BSE AUTO	18166.21	18406.08	-1.30
BSE BANK	19773.88	20478.02	-3.44
BSE CAPITAL GOODS	14946.11	15633.68	-4.40
BSE CD	11872.63	11858.38	0.12
BSE FMCG	7847.07	8115.32	-3.31
BSE HEALTHCARE	18066.44	18255.66	-1.04
BSE IT	11263.78	11324.90	-0.54
BSE METALS	7307.74	7531.82	-2.98
BSE OIL AND GAS	9065.90	9337.48	-2.91
BSE PSU	6777.47	7054.01	-3.92
BSE REALTY	1371.63	1424.07	-3.68
BSE TECK	6115.01	6187.94	-1.18

INDEX	30-Oct-15	23-Oct-15	Change (in %)
DOW JONES	17663.54	17646.70	0.10
HANG SENG	22640.04	23151.94	-2.21
NIKKEI	19083.10	18825.30	1.37
FTSE	6361.09	6444.08	-1.29

## Domestic events week ahead

- Nov 02:** Automobile Sales Data, by Automakers
- Nov 02:** Core sector growth for September, by commerce and industry ministry
- Nov 02:** Nikkei Manufacturing PMI for October, by Markit Economics
- Nov 02-06:** Power generation for October, by Central Electricity Authority
- Nov 04:** Nikkei services and Composite PMI for October, by Markit Economics
- Nov 04-10:** Foreign tourist arrivals in October, by tourism ministry
- Nov 04-12:** Major port traffic in Apr-Oct, by Indian Ports Association

Source: Cogencies

## Global events week ahead

- Nov 02:** Japan Final Manufacturing PMI, China Caixin Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, US Final Manufacturing PMI, US ISM Manufacturing PMI, US FOMC Member Williams Speaks
- Nov 03:** UK Construction PMI, US Factory Orders, ECB President Draghi Speaks
- Nov 04:** China Caixin Services PMI, Europe Final Services PMI, UK Services PMI, US FOMC Member Brainard Speaks, US ADP Non-Farm Employment, US Trade Balance, US Final Services PMI, US Fed Chair Yellen Testifies, US ISM Non-Manufacturing PMI, US Crude Oil Inventories
- Nov 05:** Japan Monetary Policy Meeting Minutes, US FOMC Member Fischer Speaks, German Factory Orders, Europe Retail PMI, Europe Retail Sales, UK Monetary Policy, BOE Gov Carney Speaks, US Unemployment Claims, US FOMC Member Dudley Speaks, US FOMC Member Fischer Speaks
- Nov 06:** UK Manufacturing Production, UK Trade Balance, US Non-Farm Employment, US Unemployment Rate



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Weak demand likely to keep investors away**

Shares of major automobile companies are expected to trade rangebound as investor interest is seen waning due the expected weak demand during the festival season. Focus will be on the Jul-Sep earnings of Tata Motors and Mahindra & Mahindra. They are scheduled to detail results on Nov 6. While shares of M&M are expected to remain weak, after having fallen more than 5% on week; those of Tata Motors are expected to trade in a range. Tata Motors has gained nearly 1% in the week, but has lost 22% in the year so far. The sentiment for Tata Motors is mildly positive due to improvement of sales in the commercial vehicle segment; and this is seen aiding Ashok Leyland too.

### **Bank Sector – Stock-specific action this week; earnings eyed**

Following a mixed set of earnings from index majors ICICI Bank and Axis Bank, investors' focus will stay on earnings of other major banks, and therefore, stock-specific action is likely to continue this week. This week, NSE's Nifty constituents State Bank of India, Punjab National Bank and Bank of Baroda will detail their Jul-Sep earnings. Among others, Oriental Bank Of Commerce, Canara Bank, IDBI Bank, and Union Bank of India will also announce their second quarter results. Indian Overseas Bank, which will detail its Jul-Sep earnings on Saturday, will also be in focus on Monday. Management commentary from the bank would be keenly watched as the Reserve Bank of India has initiated a 'prompt corrective action' for the lender with an aim to improve internal controls of the lender along with consolidating its activities. Trend in the Bank Nifty will dependent on the trading pattern in ICICI Bank and Kotak Mahindra Bank, which rose 2% and 3.6%, respectively, as their earnings topped view. Separately, a sustained uptrend in Axis Bank, which bounced back in Friday's trade, will also lend support to Bank Nifty.

### **Capital Goods Sector – Seen weak; Cummins India, ABB earnings eyed**

Shares of capital goods companies are seen trading with a negative bias this week, as negative sentiment from the weak earnings and muted growth outlook of sector heavyweight Larsen & Toubro is likely to weigh. The company, which reported its earnings towards the fag end of the trading session on Friday, cut its order inflow guidance for FY16 to 5-7% from 15% growth aim earlier. It also said there is bleak order visibility in the domestic heavy engineering segment and sees domestic private sector capital expenditure recovery at least a year and a half away. This week, power and automation solution maker ABB India will detail its earnings on Nov 3, while engines and generator set maker Cummins India will do the same on Nov 5. State-owned Bharat Heavy Electricals Ltd will detail its earnings on Nov 6. ABB India is seen reporting Jul-Sep net profit of 689 mln rupees, up 53% y-o-y. Cummins India is seen reporting net profit of 2.07 bln rupees, up 2% y-o-y. With L&T cutting its order inflow guidance, shares of other heavy engineering companies like Thermax and BHEL, among others are likely to see some downward pressure this week.

### **Cement Sector – Sideways movement seen in consolidation phase**

Stocks of major cement manufacturers are seen trading sideways this week as demand scenario for the sector remains dull, and a phase of consolidation is likely. Cement manufacturers have witnessed a fall in demand over the past few months with activity in the infrastructure sector not showing signs of a rebound. The cement industry is seen back in the positive only by Jan-Mar. The market would also keep an eye on the Jul-Sep earnings of India Cements Ltd, due for Nov 2, while also waiting for financial results of Prism Cement and Ramco Cements, scheduled for Nov 3 and Nov 6, respectively. India Cements is seen reporting net profit of 344 mln rupees for the quarter, up almost five-fold from 74.90 mln rupees a year ago, owing to improvement in operational performance and firm pricing of products in the southern markets. India Cements' counter is seen trading with a minor positive bias during the week. Cement companies typically see a weak quarter in Jul-Sep as monsoon keeps demand subdued, and this year the added hit of a slowdown in the infrastructure sector has been detrimental for the industry.

### **FMCG Sector – Rangebound this week; Marico Jul-Sep results eyed**

Shares of fast moving consumer goods companies are seen trading rangebound this week with Jul-Sep earnings driving the overall trend. The overhang of lower-than-expected earnings of index-heavyweight ITC is likely to weigh on the FMCG sector early this week. ITC was the worst hit on the Nifty on Friday, and we can see further downside in the stock. Investors will keep a watch on earnings of United Spirits and Marico, which will be detailed on Nov 2 and Nov 4, respectively. United Spirits is expected to post a net profit of 751 mln rupees, as against a net loss of 278.30 mln rupees



a year ago. Marico's consolidated net profit is seen rising 29% y-o-y to 1.53 bln rupees in Jul-Sep. Dabur India and Godrej Consumer Products reported relatively better earnings in Jul-Sep. FMCG companies benefited from low input costs as it helped improve margins and also gave them room to step up spend on advertising and promotions. However, demand scenario remains gloomy. There has been some pick up in urban demand but rural demand remains weak. The outlook on rural demand is not very encouraging given the poor monsoon this year. The southwest monsoon rainfall in India was 14% below normal this year. Hence, the overall fundamentals for the FMCG sector remained mixed.

### **IT Sector – Rangebound this week; Tech Mahindra may lend cues**

Shares of information technology companies are seen trading range-bound this week ahead of Tech Mahindra Ltd's Jul-Sep earnings, which may lend some cues to the sector. After disappointing performance or guidance by its peers, we are hopeful that Tech Mahindra will surprise the market with strong Jul-Sep performance. The city-based firm, which will detail its Jul-Sep earnings on Nov 3, is likely to post 8% sequential rise in consolidated net profit at 7.3 bln rupees and 4% rise in consolidated revenue to 65.7 bln rupees. Tech Mahindra will be last of the large-cap information technology companies to detail earnings for Jul-Sep. If it disappoints the market, then the information technology segment is seen weak in the upcoming sessions, but if the company posts strong performance on Nov 3, then improvement in the sector is likely. The strengthening of the rupee against the US dollar is also weighing on the sector.

### **Oil Sector – PSU refiners seen in range, bias negative this week**

Shares of the state-owned oil marketing companies are seen trading in a range with negative bias this week, ahead of the announcement of their Jul-Sep earnings starting with Indian Oil Corp Ltd on Nov 3. IOC is likely to post 79% sequential decline in the company's net profit for the quarter ended September at 13.4 bln rupees, as gross refining margins are likely to have shrunk. While the country's second largest refiner, Reliance Industries, had beat estimates by reporting robust Jul-Sep GRM of \$10.6 per barrel, the state-owned companies are unlikely to match the performance. High inventory losses and a less flexible product slate may weigh on the bottomlines of IOC, BPCL and HPCL. A weak broad market may also weigh on the stocks of the oil companies. The bias for the broad market is seen negative this week ahead of the exit polls for the Bihar assembly elections, which will be out after the last phase of election ends on Nov 5. Oil prices and rupee-dollar movements will continue to hold sway over the stocks. Further decline in crude oil could weigh on the counters of ONGC and Oil India Ltd.

### **Pharma sector – Seen firm on defensive buy; Cipla results key**

With the broader market expected to be weak during this week as the Nifty erased gains in the second half of the session on Friday, frontline pharmaceutical shares are seen firm on defensive buying. The key driver for the market this week would be exit polls of the Bihar elections on Nov 5. A win for the Bharatiya Janata Party will boost sentiment as it will mean higher representation for the party in the Rajya Sabha, where key bills such as the constitutional amendment to introduce the Goods and Services Tax are stuck. In the pharmaceutical space, the street expects positions to be taken in shares of Cipla and Sun Pharmaceutical Industries, which will report their Jul-Sep earnings on Nov 6 and Nov 7, respectively. Cipla is seen reporting consolidated net profit for Jul-Sep quarter at 5.04 bln rupees, up 69% y-o-y. For Sun Pharmaceutical Industries, the street estimates a consolidated net profit of 13.01 bln rupees, down 17% y-o-y.

### **Metal Sector – Seen consolidating; Tata Steel, SAIL eyed**

Shares of major metal and mining companies are seen consolidating this week on the back of depressed global commodity prices and weak financial performance of the companies in the September quarter. Some minor pullback can be seen among the stocks of metals and mining companies this week. The street would also eye shares of Tata Steel and Steel Authority of India as the companies are going to detail their Jul-Sep earnings this week.

### **Telecom Sector – Bharti Airtel, Idea may remain in negative zone**

Shares of major telecom companies are likely to continue with their muted run at the markets despite more than expected profit reported by country's largest telecom firm Bharti Airtel Ltd. The overall outlook for the sector is likely to remain weak this week. The scrip of Bharti Airtel is expected trade in the negative territory this week. The company posted a net profit of 15.32 bln rupees, a 10.1% jump on year. The stock of Aditya Birla group company Idea Cellular Ltd may also trade in the negative zone. According to media reports, Reliance Communications has begun discussions with Sistema Shyam TeleServices and Aircel for a merger.



## Market range for the week 7880- 8280

Nifty	Values
Support 1	8020
Support 2	7980
Support 3	7920
Resistance 1	8120
Resistance 2	8180
Resistance 3	8220

**Resistance** – Nifty may face resistance at 8120 level above this level it may go up to 8180-8220 level.

**Support** - Nifty has support at 8020 level below this next support at 7980-7920 levels.

**Technical** – During the week, CNX Nifty opened at 8333.65 and touched the highest level of 8336.30 and lowest level of 8044.40. The CNX Nifty ended at 8065.80; drag 229.65 points or 2.77%. The S&P BSE Sensex opened at 27575.04 and touched the highest level of 27618.14 and lowest level of 26585.20. The S&P BSE Sensex closed at 26656.83; drag 813.98 points or 2.96%.

**For the coming week, we expect the market range of 7880-8280.**

**Weekly Chart View –**

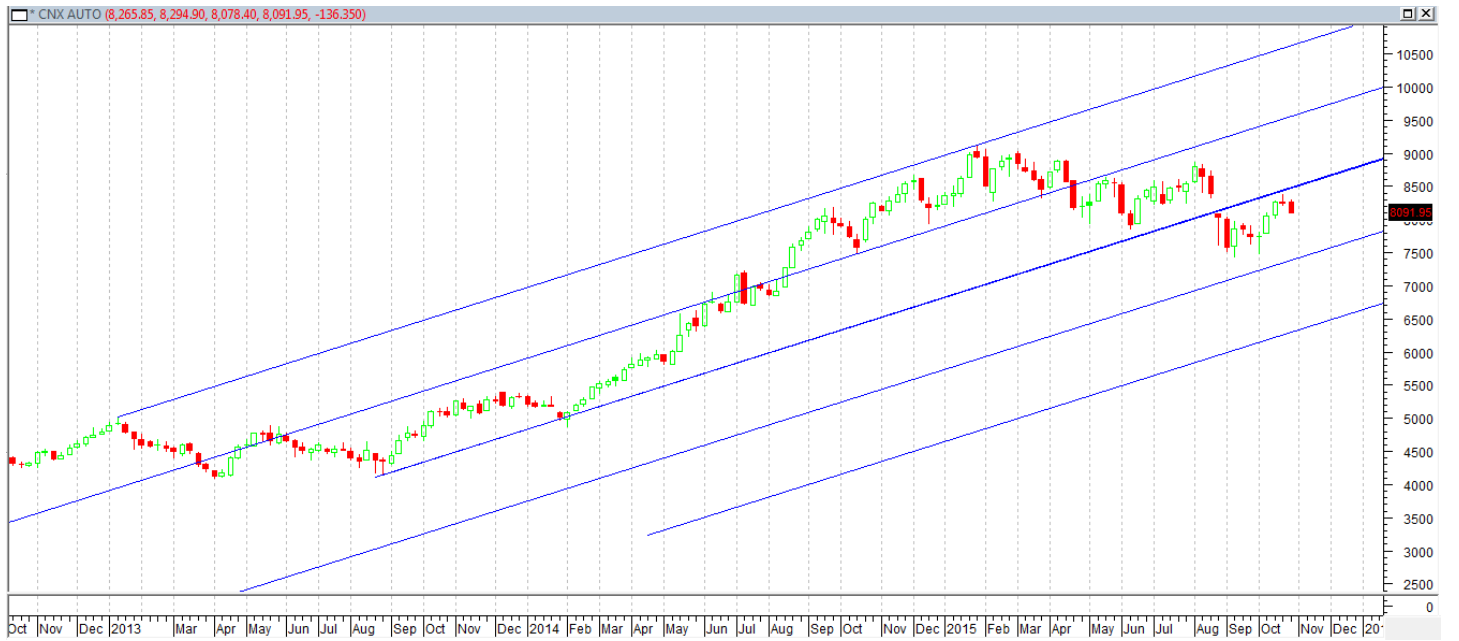
We had mentioned in last week's report that on the daily chart we witnessed series of "Narrow range" body formation and on weekly chart below 50WMA, because of that we had mentioned we can see stocks specific action and 8320-8350 will be major resistance and all we have seen Nifty fail to cross that levels. Now on daily chart Nifty near to 100DMA and on weekly chart we can see "Bearish candle". So from here 8020-7980 will be major support below that we can see more pressure and unless we did not get close above 8280-8320 we can see pressure at higher levels.

**Weekly Chart**



### Weekly Sectoral Technical Outlook

<b>NSE Auto Index</b>	<b>CMP: 8091</b>
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**NSE Auto**

At present after a narrow range body formation at the upper trendline of the first channel we are witnessing a bear candle. This suggests weakness going forward. If this sector trades below 8070 then it is likely to test 7950 – 7780 levels. Hence one should avoid this sector.

<b>NSE Bankex</b>	<b>CMP: 17354</b>
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**NSE Bankex**

At present we are observing a bearish engulfing pattern which suggests weakness. We maintain our stance that one should avoid this sector. On the downside it can test 17000 – 16500 levels.



<b>NSE Metal Index</b>	<b>CMP: 1806</b>
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**NSE Metal Index**

We maintain our bearish stance on the sector as on the downside it is likely to test 1750 – 1680 levels. Hence, one should avoid this sector at present.

<b>NSE IT</b>	<b>CMP: 11486</b>
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**NSE IT**

We maintain our stance that those aggressive traders gone long above 11590 should maintain the stop loss of 11300 for a target of 11700 – 11900 levels.



## Weekly Technicals of Key Companies –

Company	Closing 30-Oct-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1379.60	1386.12	1400.93	1422.27	1364.78	1349.97
ADANIPORTS	296.25	302.53	310.72	325.18	288.07	279.88
AMBUJACEM	206.95	206.68	210.67	214.38	202.97	198.98
ASIANPAINT	830.65	828.62	846.03	861.42	813.23	795.82
AXISBANK	475.40	491.03	517.07	558.73	449.37	423.33
BAJAJ-AUTO	2550.45	2560.15	2590.30	2630.15	2520.30	2490.15
BANKBARODA	160.20	164.88	170.22	180.23	154.87	149.53
BHARTIARTL	349.05	352.95	361.35	373.65	340.65	332.25
BHEL	198.85	205.45	213.10	227.35	191.20	183.55
BOSCHLTD	20457.50	20941.43	21484.07	22510.63	19914.87	19372.23
BPCL	871.10	886.02	906.48	941.87	850.63	830.17
CAIRN	153.40	155.13	158.27	163.13	150.27	147.13
CIPLA	690.45	689.20	706.15	721.85	673.50	656.55
COALINDIA	319.90	327.78	336.82	353.73	310.87	301.83
DRREDDY	4279.90	4241.78	4403.47	4527.03	4118.22	3956.53
GAIL	308.45	315.20	324.90	341.35	298.75	289.05
GRASIM	3712.05	3697.05	3774.00	3835.95	3635.10	3558.15
HCLTECH	871.70	870.30	886.60	901.50	855.40	839.10
HDFC	1256.85	1284.43	1322.42	1387.98	1218.87	1180.88
HDFCBANK	1099.60	1104.68	1118.92	1138.23	1085.37	1071.13
HEROMOTOCO	2581.40	2596.37	2629.03	2676.67	2548.73	2516.07
HINDALCO	84.05	84.65	86.30	88.55	82.40	80.75
HINDUNILVR	800.65	805.38	815.77	830.88	790.27	779.88
ICICIBANK	277.00	278.62	288.13	299.27	267.48	257.97
IDEA	140.00	140.77	142.43	144.87	138.33	136.67
INDUSINDBK	911.90	926.38	950.42	988.93	887.87	863.83
INFY	1135.45	1141.32	1152.63	1169.82	1124.13	1112.82
ITC	334.65	341.78	352.67	370.68	323.77	312.88
KOTAKBANK	687.65	678.68	702.77	717.88	663.57	639.48
LT	1410.75	1446.92	1493.83	1576.92	1363.83	1316.92
LUPIN	1928.90	1970.25	2055.50	2182.10	1843.65	1758.40
M&M	1183.60	1205.75	1238.20	1292.80	1151.15	1118.70
MARUTI	4449.00	4461.27	4546.73	4644.47	4363.53	4278.07
NTPC	132.80	132.58	137.87	142.93	127.52	122.23
ONGC	246.95	250.37	257.38	267.82	239.93	232.92
PNB	128.35	131.00	134.40	140.45	124.95	121.55
POWERGRID	128.75	130.60	135.00	141.25	124.35	119.95
RELIANCE	947.70	946.87	963.83	979.97	930.73	913.77
SBIN	237.05	242.72	250.33	263.62	229.43	221.82
SUNPHARMA	889.55	892.52	909.48	929.42	872.58	855.62
TATAMOTORS	384.95	387.98	393.77	402.58	379.17	373.38
TATAPOWER	68.85	69.75	71.00	73.15	67.60	66.35
TATASTEEL	246.60	248.47	252.93	259.27	242.13	237.67
TCS	2495.20	2509.73	2534.47	2573.73	2470.47	2445.73
TECHM	539.15	543.93	551.77	564.38	531.32	523.48
ULTRACEMCO	2886.10	2886.72	2944.43	3002.77	2828.38	2770.67
VEDL	99.95	102.37	105.53	111.12	96.78	93.62
WIPRO	572.85	573.27	580.83	588.82	565.28	557.72
YESBANK	758.65	747.47	787.18	815.72	718.93	679.22
ZEEL	408.65	417.30	428.60	448.55	397.35	386.05

Source: Iris Software

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