

Key developments during the week

- India Apr-Jun fiscal gap 2.87 trln rupees, 52% of FY16 aim
- India Jun core sector growth falls to 3% from 4.4% in May
- Govt seeks Parliament nod to infuse 120.10 bln rupees in PSU banks in FY16
- Govt to infuse 700 bln rupees in PSU banks in 4 years
- Jayant Sinha says will have no problem in meeting in FY16 fiscal gap aim
- Govt says no proposal for FDI in B2C e-commerce under consideration
- Moody's arm says RBI may cut repo rate by 25 bps to 7% in August
- Govt says approved proposal to divest 15% stake in Hindustan Copper
- EPFO head Jalan says to make first equity investment on Aug 6
- Skymet cuts monsoon forecast to 98% of long period average from 102%
- SC asks Karnataka to complete iron ore mines auction in 32 weeks
- Moody's arm warns lack of reforms may hit India's growth prospects
- RBI Mundra says too early to say if banks' NPA situation better
- Govt approved seven FDI proposals worth 9.81 bln rupees
- Bank source says RBI rejects asset recast companies' easier upfront pay plea
- Revenue secretary says govt to take quick decision on FII's MAT issue

INDEX	31-Jul-15	24-Jul-15	Change (in %)
NIFTY	8532.85	8521.55	0.13
SENSEX	28114.56	28112.31	0.01
NSE 500	7106.20	7078.80	0.39
NSE MIDCAP	3443.65	3422.70	0.61
NIFTY JUNIOR	20813.35	20647.00	0.81
BSE SMALLCAP	11830.80	11668.12	1.39
BSE 200	3588.95	3577.09	0.33

INDEX	31-Jul-15	24-Jul-15	Change (in %)
BSE AUTO	19107.78	18953.48	0.81
BSE BANK	21499.24	21374.14	0.59
BSE CAPITAL GOODS	18081.31	18134.85	-0.30
BSE CD	11086.48	11310.67	-1.98
BSE FMCG	8133.50	7888.04	3.11
BSE HEALTHCARE	17047.69	16836.82	1.25
BSE IT	11072.67	11004.93	0.62
BSE METALS	8668.37	8771.92	-1.18
BSE OIL AND GAS	9902.17	10154.94	-2.49
BSE PSU	7718.93	7740.23	-0.28
BSE REALTY	1387.35	1352.24	2.60
BSE TECK	6219.13	6200.79	0.30

INDEX	31-Jul-15	24-Jul-15	Change (in %)
DOW JONES	17689.86	17568.53	0.69
HANG SENG	24363.28	25128.51	-3.05
NIKKEI	20585.24	20544.53	0.20
FTSE	6696.28	6579.81	1.77

Domestic events week ahead

- Aug 03:** Manufacturing PMI for July, by Nikkei.
- Aug 03-07:** Major port traffic in Apr-Jul, by Indian Ports Association.
- Aug 03-07:** Power generation for July, by Central Electricity Authority.
- Aug 03-07:** Foreign tourist arrivals in July, by tourism ministry.
- Aug 04:** RBI to detail third bi-monthly monetary policy for FY16.
- Aug 05:** Services and Composite PMI for July, by Nikkei.
- Aug 07-11:** Automobile sales data for June, by SIAM.

Source: NW18

Global events week ahead

- Aug 03:** Japan Final Manufacturing PMI, China Caixin Final Manufacturing PMI, Spanish Manufacturing PMI, German Final Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, US Final Manufacturing PMI, US ISM Manufacturing PMI
- Aug 04:** Spanish Unemployment Change, UK Construction PMI, Europe PPI m/m, US Factory Orders m/m
- Aug 05:** China Caixin Services PMI, Spanish Services PMI, German Final Services PMI, Europe Final Services PMI, UK Services PMI, Europe Retail Sales m/m, US ADP Non-Farm Employment Change, US Trade Balance, US Final Services PMI, US ISM Non-Manufacturing PMI, US Crude Oil Inventories
- Aug 06:** Europe Retail PMI, UK Manufacturing Production m/m, UK Industrial Production m/m, BOE Inflation Report, UK Official Bank Rate, UK Asset Purchase Facility, BOE Gov Carney Speaks, US Unemployment Claims
- Aug 07:** Japan Monetary Policy Statement, German Industrial Production m/m, German Trade Balance, BOJ Press Conference, UK Trade Balance, US Non-Farm Employment Change, US Unemployment Rate
- Aug 08:** China Trade Balance



Weekly Sector Outlook and Stock Picks

Auto sector – Seen up this week on momentum; RBI policy eyed

Stocks of major automakers are seen trading with a positive bias this week after a good week, which has resulted in some momentum, and would rally in the event of a rate cut by the Reserve Bank of India in its monetary policy review on Aug 4. This week has three Nifty players from the automobile sector Hero MotoCorp, Tata Motors, and Mahindra & Mahindra detailing their Apr-Jun earnings. Hero MotoCorp will report its numbers on Aug 3, while the two Mumbai-based auto giants will detail their earnings on Aug 7. Hero MotoCorp is seen reporting a 20% on-year rise in net profit to 6.74 bln rupees. The rise in profit is likely to be backed largely by cessation of amortised royalty to its erstwhile partner Honda Motorcycle. The royalty amount was 45 bln rupees amortised over 14 quarters ending in Apr-Jun of 2014. Tata Motors is expected to have an even worse set of numbers, with net profit seen down 40% on year at 32.24 bln rupees. The counter is seen carrying a negative bias this week. M&M, which is scheduled to detail its quarterly numbers on Aug 7, has a slightly better picture.

Bank Sector – Bias positive this week; RBI policy in focus

Bank stocks are expected to trade with a positive bias this week despite much hope for a rate cut from Reserve Bank of India on Aug 3. Of the 40 polled economists, treasurers, bankers, and fund managers, 35 expect the central bank to keep the policy rate unchanged at 7.25%, while the rest expect a 25-basis-point cut. With a 25-bps repo rate cut on Jun 2, the RBI had reduced its policy rate by a total of 75 bps in 2015. Also, the government said it will infuse 700 bln rupees in public sector banks over the next four years, including 250 bln rupees in the current financial year, giving a boost to investor sentiment. The government will provide 250 bln rupees each in 2015-16 and 2016-17 and 100 bln rupees each in 2017-18 and 2018-19 from budgetary resources. According to earlier RBI estimates, the capital requirement for public sector banks was over 2.40 trln rupees by 2018-19 under Basel III. There will be stock-specific action in United Bank of India, Canara Bank and Corporation Bank, whose Apr-Jun results are due this week.

Capital Goods Sector – Seen down amid weak Apr-Jun results

Shares of most capital goods companies are seen trading with a negative bias this week as investor sentiment has been hurt by what has been a disappointing earnings season so far. Capital goods major Larsen & Toubro reported a 21% fall in its order inflow, it's the first such after 12 straight quarters of reporting year-on-year improvements in order booking. The management of the company has blamed the sluggish pace of awarding of orders and subdued investment momentum in industrial capital expenditure as the primary reason for the decline in order bookings. Being the sector bellwether, L&T management comments and order booking may raise concerns over the performance of other mid-cap companies. This week will see energy and engineering equipment maker Siemens Ltd and engine-maker Cummins India reporting Apr-Jun earnings on Aug 5 and Aug 6, respectively. Weak auto sector demand and lowering of power deficit could see Cummins reporting a weak set of numbers for Apr-Jun.

Cement Sector – Seen up on turnaround in building activity

Stocks of major cement companies are likely to have a positive bias this week on the back of a likely turnaround in infrastructure spending and pickup in construction activity. Weak results of most cement companies have already been factored in and most cement stocks took a beating this week. This week is expected to be better as most stocks have already underperformed and some recovery is now on the anvil. Stocks in the sector are also expected to be driven by the earnings of Ramco and Shree Cements, both of which are expected to turn in numbers that are not very exciting.

FMCG Sector – Apr-Jun earnings, IMD forecast to impact companies

Shares of fast moving consumer goods companies are seen taking cues from Apr-Jun earnings, monsoon forecast of the India Meteorological Department and the RBI's monetary policy. In the FMCG space, Marico, Britannia Industries, Tata Global and Emami are the main companies releasing Apr-Jun financial results this week. The other factor that is expected to have a bearing on the FMCG sector is IMD's third long-range forecast for this year's southwest monsoon. Monsoon rains are crucial for rural demand for consumer products. On the earnings front, Marico is likely to post a net profit of 2.16 bln rupees in Apr-Jun, up 17% y-o-y. Britannia Industries' net profit is seen rising 34% to 1.52 bln rupees. Tata Global net profit is seen up 7% at 1.04 bln rupees and Emami's net profit is likely to be 800 mln rupees, up 13%. Market participants will eye sales volume growth of the companies as competitive intensity has increased in various segments.

**IT Sector – Seen rangebound; may gain on HCL Tech Apr-Jun results**

Shares of the information technology are mostly seen moving in a narrow range this week but may pick up if HCL Technologies manages to post surprisingly good numbers for Apr-Jun. The information technology major will detail its Apr-Jun earnings on Aug 3. After disappointing performance of TCS, the information technology sector has been weak over the past few weeks. However, this week market participants expect HCL Technologies to bring a respite to the sector by posting strong Apr-Jun performance. HCL Technologies likely to post consolidated net profit of 18.3 bln rupees for Apr-Jun, up 9% q-o-q and its consolidated net revenues are expected to rise 5% q-o-q to 97.52 bln rupees. Also, Reserve Bank of India is to announce its bi-monthly monetary policy on Aug 4 which will bring into focus the banks' stocks. Dependent on the policy announcement, the investors may choose to sell banking stocks and switch to trading in defensive IT stocks. Infosys and Tech Mahindra, which posted strong Apr-Jun results, are expected to trade with a positive bias. The movement in currency exchange rates will also lend cues to the export-oriented Indian technology sector.

Oil Sector – PSU refiners seen in range; bias positive

Shares of the state-owned oil marketing companies are seen broadly positive this week following softening of oil prices in recent weeks, but concerns over refining margins peaking may cap gains. Also, the broad market trend will be the key. The market is eyeing Reserve Bank of India's monetary policy on Aug 4, and since not many are expecting a further cut in the repo rate, indices will move with a positive bias during the week. The Indian basket of crude oil fell below \$54 a barrel this week from over \$60 at the beginning of the month. Meanwhile, companies in the sector have been clocking record refining margins, buoyed by robust demand for products. On Aug 5, Essar Oil reported a sharp expansion in its gross refining margins to \$11.05 per barrel for Apr-Jun from \$9.04 a year ago. Cogencis reported earlier this week that IOC is likely to report GRM of over \$10 per barrel for Apr-Jun, an unprecedented level for public sector refiners. BPCL and HPCL too are likely to have clocked record refining margins and that along with high marketing margins will help these companies report robust numbers for Apr-Jun when they announce earnings in the second week of August. Broadly that will keep the shares of these three companies in a range this week with a positive bias. For ONGC and Oil India, concerns remain due to lower oil prices and consensus view is that oil prices will continue to remain soft since resumption of supplies from Iran following lifting of sanctions would put more pressure.

Pharma sector – GSK Pharma, Sun Pharma seen down; Lupin seen up

Shares of major pharmaceutical companies are seen trading based on company-specific triggers this week, with those of GlaxoSmithKline Pharma and Sun Pharma seen underperforming their peers in the sector. Shares of Sun Pharma, India's largest drug maker, have been on a negative run since the company announced that its revenues for 2015-16 (Apr-Mar) will take a hit due to remediation charges incurred for the Halol plant and expenses undertaken for merger of Ranbaxy Laboratories. Another stock that is seen trading down this week is GSK Pharma, which reported a 5.1% fall in its net profit to 932.8 mln rupees for the June quarter, missing the street's expectations. Hyderabad-based Dr Reddy's Laboratories, which has touched lifetime high levels during the week, is seen continuing with the positive momentum.

Metal Sector – Seen range bound with a negative bias this week

Shares of major metal and mining companies are seen trading in a range with a negative bias this week. Sector's outlook would continue to remain negative this week due to falling commodity prices. Dwindling commodity prices globally have taken a toll on Apr-Jun earnings of most of the metal and mining companies. Metal stocks may not necessarily recover despite news of the possibility of a further hike in the import duty on select steel products. A double digit import duty or a 15% import duty will be able to protect the steel industry from imports from China, Korea and Russia. Tata Steel and JSW Steel would gain the most if the import duty is hiked to 15%. Currently, the government levies 7.5% customs duty on long products and 10% on flat steel products. The street would also eye the RBI's monetary policy on Aug 4.

Telecom Sector – Seen up on positive sentiment for sector

Shares of telecom companies are likely to be in the green this week. Expectations of good Apr-Jun earnings, broad regulatory certainty and galloping data consumption growth are likely to keep the sentiment for telecom stocks upbeat. Bharti Airtel Ltd, reporting its June quarter earnings on Aug 4, is seen clocking a 14% rise in its net profit to 14.35 bln rupees. The sector outlook for the week is seen positive. Reliance Communications was the sole gainer in the week, rising by 3.7% over the week. Continued speculation over the company selling stake in its tower arm is likely to have kept the counter buzzing. According to media reports, private equity firms such as Blackstone, Providence Equity Partners and The Carlyle Group, Bharti Infratel and American Tower Corp are among the contenders for buying the stake.



Market range for the week 8420- 8680

Nifty	Values
Support 1	8480
Support 2	8450
Support 3	8380
Resistance 1	8580
Resistance 2	8660
Resistance 3	8720

Resistance – Nifty may face resistance at 8580 level above this level it may go up to 8660-8720 level.

Support - Nifty has support at 8480 level below this next support at 8450-8380 levels.

Technical – During the week, CNX Nifty opened at 8492.10 and touched the highest level of 8548.95 and lowest level of 8321.75. The CNX Nifty ended at 8532.85; gain 11.3 points or 0.13%. The S&P BSE Sensex opened at 28117.65 and touched the highest level of 28117.65 and lowest level of 27416.39. The S&P BSE Sensex closed at 28114.56; gain 2.25 points or 0.01%.

For the coming week, we expect the market range of 8420-8680.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart, we witness momentum oscillator was showing some negative crossover, but on the weekly chart Nifty was manage to hold upper line of channel, because of that we had mentioned we can see some consolidation and all we have seen same. Now on the daily chart we get closed above 200DMA. On the weekly chart we get closed above 50WMA. So from here 8560-8580 will be major resistance for Nifty only close above that we can see some further upside up to 8660-8680 till that we can see some consolidation with stocks specific move.

Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index	CMP: 19107
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BSE Auto

At present we are seeing a sideways action and price has formed a hammer. Aggressive traders can go long above 19152 with a stop loss of 18400 for a target of 19700 – 20100 levels.

BSE Bankex	CMP: 21499
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BSE Bankex

We are observing a hammer pattern which suggests that upside momentum is likely to continue. Aggressive traders can go long above 21620 with a stop loss of 20800 for a target of 21800 – 22400 levels.



BSE Metal Index

CMP: 8668



BSE Metal Index

We maintain our stance that prices are trading in the demand zone. Hence a bounce from current level cannot be ruled out. However, one has to wait for positive pattern to emerge to go long in this sector.

BSE IT

CMP: 11072



BSE IT

We maintain our positive approach in this sector as divergence in “Stochastic momentum oscillator” is still positively poised. This suggests continuation of the up move. Those gone long in this sector should maintain their stop loss to 10600 for a target 11300 - 11800 levels.



Weekly Technicals of Key Companies –

Company	Closing 31-Jul-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1387.40	1381.22	1412.43	1437.47	1356.18	1324.97
AMBUJACEM	232.30	233.57	240.38	248.47	225.48	218.67
ASIANPAINT	882.80	864.27	903.53	924.27	843.53	804.27
AXISBANK	573.50	567.80	585.15	596.80	556.15	538.80
BAJAJ-AUTO	2525.30	2513.88	2567.02	2608.73	2472.17	2419.03
BANKBARODA	177.50	169.23	187.67	197.83	159.07	140.63
BHARTIARTL	418.80	418.90	433.70	448.60	404.00	389.20
BHEL	278.35	279.67	288.33	298.32	269.68	261.02
BOSCHLTD	24669.70	24109.25	25468.50	26267.30	23310.45	21951.20
BPCL	926.75	939.57	961.18	995.62	905.13	883.52
CAIRN	172.95	170.48	177.37	181.78	166.07	159.18
CIPLA	709.05	699.38	733.67	758.28	674.77	640.48
COALINDIA	439.05	433.02	448.83	458.62	423.23	407.42
DRREDDY	4076.10	3945.87	4223.73	4371.37	3798.23	3520.37
GAIL	354.95	352.78	362.47	369.98	345.27	335.58
GRASIM	3716.25	3704.52	3771.73	3827.22	3649.03	3581.82
HCLTECH	998.25	974.80	1029.45	1060.65	943.60	888.95
HDFC	1340.40	1332.73	1366.82	1393.23	1306.32	1272.23
HDFCBANK	1111.65	1100.88	1131.77	1151.88	1080.77	1049.88
HERMOTOCO	2682.70	2644.42	2787.73	2892.77	2539.38	2396.07
HINDALCO	105.20	105.32	108.38	111.57	102.13	99.07
HINDUNILVR	921.65	915.87	940.23	958.82	897.28	872.92
ICICIBANK	302.40	298.00	313.30	324.20	287.10	271.80
IDEA	173.35	172.13	178.52	183.68	166.97	160.58
INDUSINDBK	977.70	965.37	1001.63	1025.57	941.43	905.17
INFY	1077.05	1074.43	1094.62	1112.18	1056.87	1036.68
ITC	326.00	317.80	335.60	345.20	308.20	290.40
KOTAKBANK	695.40	705.50	727.20	759.00	673.70	652.00
LT	1791.25	1781.65	1825.45	1859.65	1747.45	1703.65
LUPIN	1696.70	1664.82	1739.58	1782.47	1621.93	1547.17
M&M	1363.60	1348.53	1397.07	1430.53	1315.07	1266.53
MARUTI	4331.45	4280.68	4409.77	4488.08	4202.37	4073.28
NMDC	101.90	105.32	109.58	117.27	97.63	93.37
NTPC	135.05	135.68	138.67	142.28	132.07	129.08
ONGC	272.70	273.00	282.55	292.40	263.15	253.60
PNB	151.00	146.05	159.95	168.90	137.10	123.20
POWERGRID	142.00	141.57	143.68	145.37	139.88	137.77
RELIANCE	1001.85	1007.25	1024.50	1047.15	984.60	967.35
SBIN	270.05	265.37	278.43	286.82	256.98	243.92
SUNPHARMA	822.40	824.08	838.12	853.83	808.37	794.33
TATAMOTORS	383.85	380.15	394.20	404.55	369.80	355.75
TATAPOWER	68.45	68.88	71.77	75.08	65.57	62.68
TATASTEEL	246.90	251.70	258.40	269.90	240.20	233.50
TCS	2510.75	2500.85	2528.90	2547.05	2482.70	2454.65
TECHM	530.70	523.87	539.63	548.57	514.93	499.17
ULTRACEMCO	3149.15	3156.97	3232.33	3315.52	3073.78	2998.42
VEDL	130.25	129.98	133.67	137.08	126.57	122.88
WIPRO	569.85	565.12	576.73	583.62	558.23	546.62
YESBANK	828.95	817.33	852.42	875.88	793.87	758.78
ZEEL	398.80	397.38	405.87	412.93	390.32	381.83

Source: Iris Software



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