

## Key developments during the week

- Govt notifies new hydrocarbon exploration, licensing policy
- India Apr-Feb fiscal gap 5.729 trln rupees vs 6.025 trln rupees YoY
- India Feb core sector growth rises to a 15-month high of 5.7% vs 2.9% in Jan
- S&P cuts China sovereign rating outlook to negative from stable
- India signs \$250 mln World Bank loan pact for Rajasthan power
- India signs 242.2 bln yen loan assistance pact with Japan
- India Feb CPI industrial workers inflation 5.53% vs 5.91% in Jan
- Jaitley says intend to use Aadhaar in all schemes possible
- Govt cuts Apr-Sep gas price to \$3.06/mBtu from \$3.82 per mBtu
- Jaitley says boosting exports, private investment major task for India
- Govt mulls interest subsidy, lower insurance cost for project export
- Govt, World Bank in \$1.5 bln loan pact for Swachh Bharat Mission
- Finance minister source says unlikely to revise MAT on SEZs in FY17
- Jaitley says India made considerable headway in FDI clearances
- Govt says PSUs' loss on subsidised LPG sale 90.37 rupees per cylinder in Apr

INDEX	01-Apr-16	23-Mar-16	Change (in %)
NIFTY	7713.05	7716.50	-0.04
SENSEX	25269.64	25337.56	-0.27
NSE 500	6445.50	6423.70	0.34
NSE MIDCAP	3224.80	3134.65	2.88
NIFTY JUNIOR	18761.30	18648.40	0.61
BSE SMALLCAP	10639.84	10501.80	1.31
BSE 200	3254.43	3245.10	0.29

INDEX	01-Apr-16	23-Mar-16	Change (in %)
BSE AUTO	17883.68	17830.08	0.30
BSE BANK	18444.95	18110.19	1.85
BSE CAPITAL GOODS	13020.80	12936.70	0.65
BSE CD	11560.59	11542.30	0.16
BSE FMCG	7770.02	7614.27	2.05
BSE HEALTHCARE	15110.48	15449.27	-2.19
BSE IT	11272.94	11297.67	-0.22
BSE METALS	7489.03	7643.19	-2.02
BSE OIL AND GAS	9047.79	9060.42	-0.14
BSE PSU	6100.65	6101.13	-0.01
BSE REALTY	1264.84	1231.12	2.74
BSE TECK	6029.56	6072.73	-0.71

INDEX	01-Apr-16	25-Mar-16	Change (in %)
DOW JONES	17792.75	17515.73	1.58
HANG SENG	20498.92	20345.61	0.75
NIKKEI	16164.16	17002.75	-4.93
FTSE	6146.05	6106.48	0.65

## Domestic events week ahead

- Apr 04:** Nikkei Manufacturing PMI for March, by Markit Economics
- Apr 04-08:** Power generation for March, by Central Electricity Authority
- Apr 05:** Nikkei services and composite PMI for March, by Markit Economics
- Apr 05:** RBI's first bi-monthly monetary policy statement for 2016-17
- Apr 08-12:** Freight traffic of major ports in Apr-Mar, by IPA
- Apr 08-12:** FDI inflow for February, by RBI
- Apr 08-12:** Automobile sales for March, by SIAM

Source: Cogencies

## Global events week ahead

- Apr 04:** UK Construction PMI, Europe PPI, US Factory Orders
- Apr 05:** Europe Final Services PMI, UK Services PMI, Europe Retail Sales, US Trade Balance, US Final Services PMI, US ISM Non-Manufacturing PMI, US JOLTS Job Openings
- Apr 06:** China Caixin Services PMI, US Crude Oil Inventories, US FOMC Meeting Minutes
- Apr 07:** ECB Monetary Policy Meeting Accounts, US Unemployment Claims, ECB President Draghi Speaks, US Fed Chair Yellen Speaks
- Apr 08:** Japan Current Account, US FOMC Member George Speaks, Japan Consumer Confidence, UK Goods Trade Balance, UK Manufacturing Production, UK Industrial Production



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Seen taking cues from RBI policy; rate cut eyed**

Shares of automobile companies are expected to take their cues from the monetary policy to be announced on April 5, and may remain largely positive if the Reserve Bank of India cuts repo rates as is being expected. The market is expecting the central bank to cut rates by 25 basis points. Maruti Suzuki India Ltd will remain rangebound. Sentiment on Hero Motocorp remains bullish, as the government begins execution of steps to bolster the rural economy, which has been hit hard following two consecutive years of drought. Tata Motors which outperformed the index last week. Beyond this level, some profit booking is likely to take place. Eicher Motors, the newest addition to the Nifty 50 will see another strong week of trading, especially given that the company crossed 50,000 units' sales in March a big milestone for the motorcycle maker.

### **Bank Sector – Trade seen positive this week ahead of RBI policy**

Banking stocks are seen trading positive this week ahead of the Reserve Bank of India's monetary policy statement on April 5, at which the central bank is widely expected to reduce the policy rate by 25 basis points to 6.50%. For the week, the Nifty Bank rose 1.81%, settling at 16174.90. The National Stock Exchange's Nifty-50 ended at 7713.05, down 0.04% on week, while the S&P BSE Sensex closed at 25269.64, down 0.27%. The fact that Consumer Price Index-based inflation was at a lower-than-expected 5.18% in February, against 5.69% in January, has fuelled hopes of a rate cut, with some market participants even speaking of a 50-bps rate cut by the RBI on April 5. The government's decision to stick to its fiscal consolidation road map and cut the fiscal deficit to 3.5% of GDP in 2016-17 is also seen as a major reason for the central bank to ease rates.

### **Capital Goods Sector – RBI policy to dictate trajectory**

The Reserve Bank of India's first bi-monthly monetary policy for 2016-17 to be announced on April 5 is likely to dictate movement of capital goods stocks this week. Most market participants are hoping for a 25-basis-point repo rate cut by the RBI. Although this has largely been factored in, the announcement is likely boost the sentiment and lead to some gains for indices. In case the central bank keeps rates unchanged, it will impact capital goods stocks negatively. Ahead of the policy announcement, the stocks are seen getting a positive push from the 5.7% output growth in core sectors in February. Larsen & Toubro has announced orders worth 163.4 bln rupees in Jan-Mar till date. The company has given a guidance of 5-7% on-year growth in order inflow, and has garnered 935.2-bln-rupee order inflows in Apr-Dec.

### **Cement Sector – RBI review to guide stocks; UltraTech seen up**

Shares of cement manufacturers are expected to be guided by the Reserve Bank of India's monetary policy review on April 5. UltraTech Cement's shares are expected to continue to rise this week, following its board approving a pact to buy capacity of 21.20 mln tn a year from Jaiprakash Associates at an enterprise value of 159 bln rupees. Jaiprakash Associates plans to cut its debt with the proceeds of the sale. Further, with this deal, UltraTech will have presence across various regions (except the Northeast,) enabling it to reap the benefits of a demand recovery led by higher government spending on infrastructure and a revival in housing demand. With industry-leading growth, following consistent capacity addition, higher margins and healthy cash flows. Market Participants expect the RBI to cut key interest rates by 25 basis points at its monetary policy review on April 5. The central government has exhibited fiscal prudence by sticking to the 3.5% fiscal deficit target for 2015-16, something the RBI has pitched for. Cement stocks are likely to gain if interest rates are cut, as cheaper borrowing is expected to boost industrial activity.

### **FMCG Sector – Seen in range ahead of Jan-Mar earnings**

Shares of fast-moving consumer goods companies are expected to trade in a range ahead of the Jan-Mar earnings, as there are no real triggers for the stocks. However, shares of ITC Ltd are expected to trade positive following the company's decision to hike prices of its cigarettes. In the week gone by, the cigarette major's shares have risen 3.6%. Investors will closely watch the rise in raw material costs as they have risen during the quarter. FMCG companies in the last few quarters have been able to post healthy margins due to lower commodity costs. Companies like Hindustan Unilever Ltd and Marico Ltd had passed on the fall in raw material costs to the consumer in the form of discounts and price cuts. The report also said that in the short-to-medium term traders can concentrate on Godrej Consumer Products Ltd, Hindustan Unilever, and ITC.

**IT Sector – Seen positive; HCL Technologies, Geometric to be in focus**

Shares of information technology companies are seen trading with a positive bias this week. HCL Technologies, expected to acquire stake in Geometric, will be in focus. The Reserve Bank of India will detail the first monetary policy for 2016-17 on April 5. It is expected to cut the repo rate by 25 basis points. The rupee, which has been strengthening against the dollar, is expected to rise if RBI cuts rates. This is seen marginally impacting the information technology sector, the majority of whose business is accounted for by the US. Investors are on a wait-and-watch mode for any growth-related statements from companies in the sector. Infosys, which will announce its Jan-Mar earnings on April 15, will kick-off the earnings season for information technology companies. HCL Technologies is set to acquire engineering solutions company Geometric have improved the sentiment of investors on both companies. HCL Technologies will acquire 31.1% promoter stake in Geometric in a share-swap deal, which values the latter at \$150-200 mln.

**Oil Sector – PSU refiners seen in range; oil price, market eyed**

Shares of public sector oil companies are likely to trade in range this week, with a positive bias. The trend will be primarily dictated by news flow, broad market sentiment, and global crude oil prices. Shares of state-owned refiners IOC, BPCL and HPCL are likely to continue with a strong showing in the near term, on hopes of robust Jan-Mar earnings and expectations of inventory gains against inventory losses in the previous quarters. Prices of crude oil have recovered over the past month or so, helping upstream companies. Shares of state-owned fuel retailers have reacted positively on expectations of inventory gains due to the recent recovery in crude prices. The cut in domestic gas price to \$3.06 per mBtu from \$3.82 per mBtu has been factored in by the market and is unlikely to have any further bearing on stocks of upstream companies. As far as the broader markets are concerned, all eyes would be on the Reserve Bank of India's monetary policy on April 5, before which indices are seen trading in a narrow range with a positive bias.

**Pharma sector – Bias weak; Aurobindo Pharma likely to gain**

Shares of pharmaceutical companies may continue to trade with a negative bias this week on persisting regulatory issues, but Aurobindo Pharma is likely to buck the trend due to product approvals in the US. Aurobindo Pharma, which became a Nifty 50 constituent, has received eight product approvals in the US since Mar 1. Overall, the sector is seen under pressure because of increasing incidence of regulatory action on pharma companies' plants. During Jan-Mar, shares of pharma companies were the worst hit, as investors aggressively offloaded these shares on account of rising regulatory troubles. The US Food and Drug Administration has issued Form 483 on Lupin's Mandideep and Goa units, Natco Pharma's Manali and Kothur units, and Alembic Pharmaceuticals' Panelav unit, due to deviations from good manufacturing practices. Concerns over the recent government order banning 344 fixed-dose combination drugs is also likely to weigh on the sector. The next hearing of the case is scheduled on Thursday.

**Metal Sector – Seen rangebound; Tata Steel to be in focus**

Shares of major metal and mining companies are seen trading in a range this week despite extension of safeguard duty on hot-rolled flat products of non-alloy and other alloy steel in coils of width 600 mm or more till March 2018 by the government due to higher valuations. Further, Reserve Bank of India is likely to cut repo rate by 25 basis points in its first monetary policy for 2016-17 on April 5 which is seen as a positive for the debt-laden sector. Focus would be on Tata Steel which announced its decision to explore the sale of Tata Steel UK, in whole or in parts, and restructure its European business, as a bleak outlook for the global steel market made the business unviable. UK government said it will provide with whatever support it can to protect steelmaking in the country as it directly impacts jobs of an estimated 40,000 workers as per reports. However, the demand for steel is muted and has not seen much improvement in both domestic and international markets.

**Telecom Sector – Bharti Airtel, Idea Cellular seen down on spectrum sale doubts**

Stocks of Bharti Airtel Ltd, Idea Cellular Ltd and Reliance Communications Ltd are seen trading down this week over uncertainty around the spectrum auctions. The Telecom Commission, an inter-ministerial panel asked the Telecom Regulatory Authority of India to reconsider its recommendations for the quantum of spectrum to be sold, as well its reserve prices, for the upcoming auctions. The panel wanted a review of the parameters adopted for deciding the reserve price currently at four times the base price of the 1800 MHz band of the most sought after 700 MHz spectrum. TRAI will respond to the apex body's comments in the next 15 days. Meanwhile, in another development the Supreme Court Wednesday adjourned hearing on the call drop compensation matter, and will now hear telecom operators' petition, challenging TRAI's order, on April 5.



## Market range for the week 7550-7960

Nifty	Values
Support 1	7680
Support 2	7620
Support 3	7550
Resistance 1	7780
Resistance 2	7850
Resistance 3	7920

**Resistance** – Nifty may face resistance at 7780 level above this level it may go up to 7850-7920 level.

**Support** - Nifty has support at 7680 level below this next support at 7620-7550 levels.

**Technical** – During the week, CNX Nifty opened at 7741.00 and touched the highest level of 7777.60 and lowest level of 7582.25. The CNX Nifty ended at 7713.05; drag 3.45 points or -0.04%. The S&P BSE Sensex opened at 25417.11 and touched the highest level of 25479.62 and lowest level of 24835.56. The S&P BSE Sensex closed at 25269.64; drag 67.92 points or -0.27%.

**For the coming week, we expect the market range of 7550-7960**

### Weekly Chart View –

We had mentioned in last week's report that on the daily chart we witness Nifty above 100DMA and on weekly chart oscillator was showing some strength, because of that we had mentioned above 7750-7780 we can see good move but Nifty fail to cross above mentioned level. Now on the daily chart we can see Nifty near to 200DMA and can see consolidation and on the weekly chart can witness "Doji" candle. So overall from here 7850-7880 will be the key area above that we can see continue upside till that we can see consolidation or stocks specific move.

### Weekly Chart

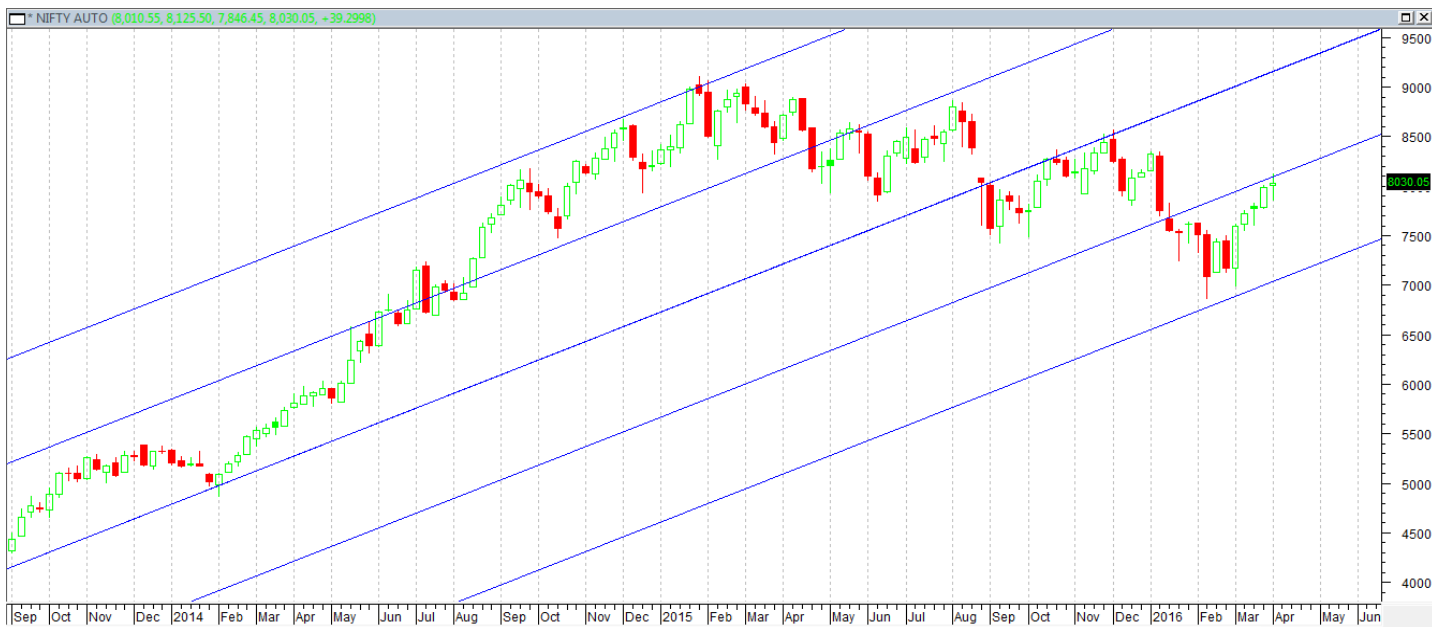




## Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 8030

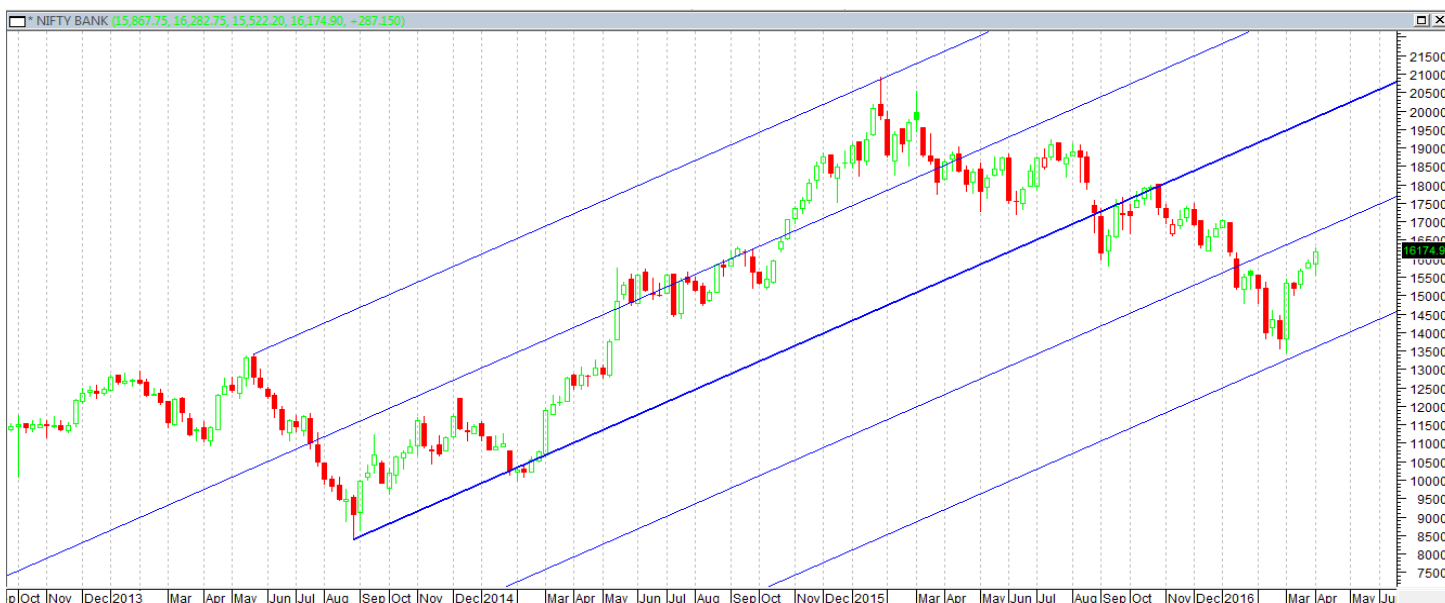


## NSE Auto

At present, for second consecutive week prices have tested the median line and closed below it. However, there is no clear pattern that suggests long in this sector. Hence one should stay at the side line and wait for positive pattern to emerge on the chart.

NSE Bankex

CMP: 16174



## NSE Bankex

At present we are observing that prices are approaching near to the median line of the channel. However there is no positive pattern emerging to go long in this sector. Hence, one should avoid this sector at present.



**NSE Metal Index**

**CMP: 1901**

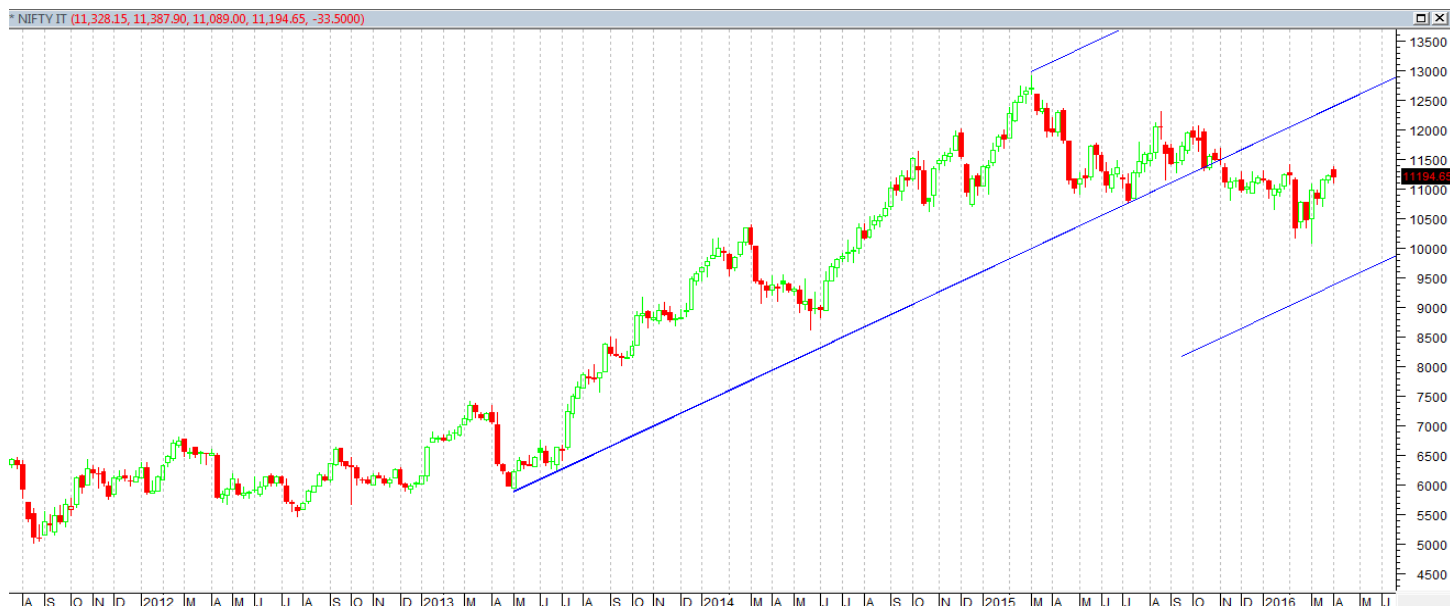


**NSE Metal Index**

We still maintain our bearish stance on the sector. However, aggressive traders gone long in this sector have triggered their trailing stop loss of 1868. At present one should avoid this sector.

**NSE IT**

**CMP: 11194**



**NSE IT**

We still 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 01-Apr-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1413.80	1394.63	1436.17	1458.53	1372.27	1330.73
ADANIPORTS	242.90	241.87	251.03	259.17	233.73	224.57
AMBUJACEM	235.35	232.30	239.45	243.55	228.20	221.05
ASIANPAINT	870.00	865.90	889.10	908.20	846.80	823.60
AUOPHARMA	729.90	732.37	756.03	782.17	706.23	682.57
AXISBANK	449.90	440.57	461.33	472.77	429.13	408.37
BAJAJ-AUTO	2419.85	2402.95	2473.90	2527.95	2348.90	2277.95
BANKBARODA	152.80	147.83	158.47	164.13	142.17	131.53
BHARTIARTL	335.45	342.88	353.57	371.68	324.77	314.08
BHEL	116.45	115.87	121.28	126.12	111.03	105.62
BOSCHLTD	19888.55	20204.17	20684.38	21480.22	19408.33	18928.12
BPCL	887.25	890.90	918.25	949.25	859.90	832.55
CIPLA	514.55	515.48	536.42	558.28	493.62	472.68
COALINDIA	287.00	290.38	295.12	303.23	282.27	277.53
DRREDDY	2979.95	2980.55	3073.95	3167.95	2886.55	2793.15
EICHERMOT	19254.05	18961.70	19742.35	20230.65	18473.40	17692.75
GAIL	347.70	351.67	358.03	368.37	341.33	334.97
GRASIM	3852.80	3824.40	3915.40	3978.00	3761.80	3670.80
HCLTECH	820.40	815.60	831.30	842.20	804.70	789.00
HDFC	1113.40	1125.30	1158.35	1203.30	1080.35	1047.30
HDFCBANK	1064.45	1061.67	1081.68	1098.92	1044.43	1024.42
HEROMOTOCO	2951.05	2923.00	3014.00	3076.95	2860.05	2769.05
HINDALCO	86.65	87.23	91.92	97.18	81.97	77.28
HINDUNILVR	867.80	867.42	879.33	890.87	855.88	843.97
ICICIBANK	238.30	234.02	245.63	252.97	226.68	215.07
IDEA	107.10	108.57	113.63	120.17	102.03	96.97
INDUSINDBK	961.30	947.65	983.65	1006.00	925.30	889.30
INFRATEL	385.60	381.58	397.02	408.43	370.17	354.73
INFY	1205.45	1211.33	1231.12	1256.78	1185.67	1165.88
ITC	336.05	330.62	342.23	348.42	324.43	312.82
KOTAKBANK	679.90	678.45	696.35	712.80	662.00	644.10
LT	1237.90	1225.40	1260.80	1283.70	1202.50	1167.10
LUPIN	1464.85	1430.95	1581.90	1698.95	1313.90	1162.95
M&M	1195.20	1216.40	1244.80	1294.40	1166.80	1138.40
MARUTI	3723.20	3710.32	3790.68	3858.17	3642.83	3562.47
NTPC	129.95	129.55	132.25	134.55	127.25	124.55
ONGC	208.80	211.97	215.83	222.87	204.93	201.07
POWERGRID	138.30	138.60	140.70	143.10	136.20	134.10
RELIANCE	1034.45	1035.37	1055.08	1075.72	1014.73	995.02
SBIN	195.65	193.68	200.72	205.78	188.62	181.58
SUNPHARMA	815.10	810.37	850.73	886.37	774.73	734.37
TATAMOTORS	379.65	378.25	395.00	410.35	362.90	346.15
TATAMTRDVR	286.05	286.60	303.45	320.85	269.20	252.35
TATAPOWER	65.20	63.70	67.00	68.80	61.90	58.60
TATASTEEL	317.75	313.63	329.87	341.98	301.52	285.28
TCS	2453.90	2479.33	2524.57	2595.23	2408.67	2363.43
TECHM	463.10	469.45	478.90	494.70	453.65	444.20
ULTRACEMCO	3203.70	3193.27	3270.43	3337.17	3126.53	3049.37
WIPRO	562.15	560.88	573.77	585.38	549.27	536.38
YESBANK	855.60	855.37	875.23	894.87	835.73	815.87
ZEEL	386.75	384.10	395.65	404.55	375.20	363.65

Source: Iris Software



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