

Key developments during the week

- India Sep Nikkei manufacturing PMI at 7-month low of 51.2 from 52.3 in Aug
- India Apr-Aug fiscal deficit narrowed to Rs 3.69 trln from Rs 3.97 trln YoY
- India Aug core sector growth at 2.6% from 1.1% in Jul
- Repo rate cut by 50 bps to 6.75%, CRR left unchanged at 4%
- Govt receives 37.7 bln rupees via black money compliance window
- DIPP secretary says trying to simplify rules for ease of doing business
- Govt cuts local gas price by 18% to \$3.82 per mBtu for Oct-Dec
- Telecom minister says final decision on call drop issue post TRAI view
- WTO cuts world trade growth forecast for 2015 to 2.8% from 3.3%
- RBI Rajan says not yet worried about bubble in Indian e-commerce
- RBI says 6% CPI inflation target for Jan "likely to be achieved"
- Rajan says focus to now turn on bringing inflation to 5% in FY17
- Jaitley says RBI decision indicates inflation now in comfort zone
- Jaitley to review performance of PSU banks, financial institutions on Oct 20
- Economic secretary says will review small savings rate framework

INDEX	01-Oct-15	24-Sep-15	Change (in %)
NIFTY	7950.90	7868.50	1.05
SENSEX	26220.95	25863.50	1.38
NSE 500	6654.50	6573.90	1.23
NSE MIDCAP	3201.20	3160.35	1.29
NIFTY JUNIOR	19752.40	19358.95	2.03
BSE SMALLCAP	11042.60	10942.14	0.92
BSE 200	3357.07	3317.73	1.19

INDEX	01-Oct-15	24-Sep-15	Change (in %)
BSE AUTO	17312.27	17316.59	-0.02
BSE BANK	19608.18	19696.21	-0.45
BSE CAPITAL GOODS	15222.30	15058.34	1.09
BSE CD	10905.90	10499.47	3.87
BSE FMCG	7769.95	7573.16	2.60
BSE HEALTHCARE	18039.28	17616.77	2.40
BSE IT	11550.61	11472.99	0.68
BSE METALS	6825.40	6887.73	-0.90
BSE OIL AND GAS	8703.59	8635.04	0.79
BSE PSU	6687.82	6644.64	0.65
BSE REALTY	1371.19	1328.25	3.23
BSE TECK	6270.93	6210.93	0.97

INDEX	02-Oct-15	25-Sep-15	Change (in %)
DOW JONES	16472.37	16314.67	0.97
HANG SENG	21506.09	21172.54	1.58
NIKKEI	17725.13	17880.51	-0.87
FTSE	6129.98	6109.01	0.34

Domestic events week ahead

- Oct 05-07:** Power generation for September, by Central Electricity Authority.
- Oct 05-09:** Major port traffic in Apr-Sep, by Indian Ports Association.
- Oct 05-09:** Foreign tourist arrivals in September, by tourism ministry.
- Oct 06:** Services and Composite PMI for September, by Nikkei.
- Oct 08-13:** Automobile sales data for September, by SIAM.
- Oct 08-13:** FDI inflow in August, by RBI.

Source: NW18

Global events week ahead

- Oct 05:** Europe Final Services PMI, UK Services PMI, Europe Retail Sales, Eurogroup Meetings, US Final Services PMI, US ISM Non-Manufacturing PMI
- Oct 06:** German Factory Orders, Europe Retail PMI, US Trade Balance
- Oct 07:** Japan Monetary Policy Statement, BOJ Press Conference, German Industrial Production, UK Manufacturing Production, UK Industrial Production
- Oct 08:** Japan Current Account, UK Monetary Policy, ECB Monetary Policy Meeting Accounts, US Unemployment Claims, US FOMC Meeting Minutes
- Oct 09:** UK Trade Balance, US FOMC Member Lockhart Speaks, US FOMC Member Evans Speaks



Weekly Sector Outlook and Stock Picks

Auto sector – To take cues from September sales numbers

Shares of major automobile companies are likely to take cues from auto sales numbers for September and the broader market this week. The market is yet to factor in September sales for major auto manufacturers including Tata Motors Ltd, Bajaj Auto Ltd, and TVS Motor Company Ltd. Tata Motors, the country's largest auto maker by revenue, reported a tepid set of sales figures for September with the outgo to dealers declining 2% to 42,215 units. The larger trend from auto sales remains that while passenger car sales dropped, commercial vehicles have done better. TVS Motor Company Ltd's total sales for September fell 2% to 232,775 units. Sales of Ashok Leyland more than doubled on year to 14,771 units. Two-wheeler sales have also remained lukewarm, with Hero MotoCorp reporting a marginal rise in sales, while Honda Motorcycles and Scooters India posted a decline in sales. In later part of the week, the sector stocks will take cues from the broader market.

Bank Sector – Bias weak on NIM woes; recovery selective

After falling in the past two trading sessions, bank stocks are likely to continue to trade with a weak bias on concerns over net interest margins post the Base Rate cut initiated by most banks. However, shares of some banks may bounce back on value buying as investors may gauge the fundamentals of these lenders in terms of cost of deposits and view on asset quality. While there is broad consensus that NIMs will be impacted but most banks is also going for deposit rate cut. So that will somewhat offset the impact. The move by banks follows the Reserve Bank of India's decision to reduce the repo rate by a higher-than-expected 50 bps to 6.75%. ICICI Bank announced a 35 basis point reduction in Base Rate at 9.35%. In the later half of this week, IndusInd Bank would be in focus ahead of its Jul-Sep earnings. The results, scheduled on Oct 9, will be closely watched for cues on the performance of the sector in terms of credit offtake and asset quality trends.

Capital Goods Sector – Weak on low demand, inventory build-up

Shares of most capital goods companies are seen trading in the negative zone this week due to a muted demand environment and inventory build-up. Post rate cut attractive bullish up-move is witnessed so far, but the momentum is missing. The Reserve Bank of India cut its repo rate by 50 basis points and since then most banks have slashed their lending rates. After the rate cut, shares of capital goods stocks gained initially but corrected soon after as market participants don't expect a pick-up in demand for power, industrial and construction equipment anytime soon. According to the data released by the commerce and industry ministry, the growth in key core industries rose to 2.6% in August from 1.1% a month ago led by cement, electricity and fertilisers companies. Gross domestic product growth has also softened in the first half of this year. Growth slowed to 7% in Apr-Jun from 7.5% in Jan-Mar. However, there is no recovery in demand from cements, fertilisers and chemical sector companies.

Cement Sector – Seen trading up this week on price hikes

Shares of major cement companies are seen rising this week on the back of price hikes in the northern region in September. There have been few consecutive price hikes last month leading to hikes by as much as 40-60 rupees per bag in Rajasthan and Punjab. Companies with higher exposure to north, central and Gujarat are expected to see a boost in realisations on quarter. Shares of Shree Cement, Ambuja Cement, JK Lakshmi Cement and JK Cement are likely to see uptick going ahead. In the Jul-Sep quarter, cement prices rebounded sharply in north India and moderately in central India and west. East saw a marginal uptick, while south India and Maharashtra posted a decline. Shares of cement companies are also seen trading with a positive bias this week on firm cues from overseas markets and positive sentiment on the domestic front.

FMCG Sector – Bias positive; upside in ITC, HUL to continue

Shares of fast moving consumer goods companies are seen trading in the positive zone this week, recovering from the recent weakness, with index-heavyweights ITC and Hindustan Unilever likely to gain further. The CNX FMCG Index rose 2.6% on week after falling nearly 7.5% in the month to Sep 22. The FMCG Index may outperform the Nifty this week. FMCG companies may continue to benefit from soft raw material prices and this gain would be used on advertising and promotions as competitive intensity has increased. The Jul-Sep earnings and festival season in Oct-Nov are likely to bring fresh triggers for the sector.

**IT Sector – In range; mood cautious on HCL Tech profit warning**

Shares of information technology companies are seen rangebound this week as market participants may remain cautious in light of HCL Technologies' profit warning. HCL Technologies issued a profit warning stating the company's dollar-denominated sales in Jul-Sep will be adversely impacted and that it will take a \$200 mln charge to resolve a dispute with a client. The profit warning pulled down HCL Technologies' shares by 15% to an over eight-month low of 834.85 rupees on Thursday. The profit warning was a negative surprise and would weigh on HCL Technologies' growth and margins over the near term. However, market participants are expected to 'wait and watch' for IT companies to detail their results. Infosys will detail its Jul-Sep earnings on Oct 12 followed by HCL Technologies on Oct 19. Market participants expect heavy weight companies Tata Consultancy Services, Infosys, Wipro and Tech Mahindra to report strong performance for Jul-Sep on the back of depreciating rupee and pick up in US demand. The Indian currency had been on a downward trend over the last two months, touching a two-year low of 66.8250 rupees. Thursday, the currency ended at a six-week high of 65.5100 a dollar as sentiment remained upbeat after the Reserve Bank of India at its monetary policy statement said the limits on government securities for foreign portfolio investors will be reset in rupee terms.

Oil Sector – PSU refiners seen in range, upstream companies muted

Shares of the state-owned oil marketing companies will continue to trade in a range this week due to lack of triggers but those of the upstream companies are seen muted due to weak sentiments following the downward revision in domestic gas prices. ONGC is expecting a 10-bln-rupees hit on its net profit in 2015-16 (Apr-Mar) due to the 18% cut in the price of domestically produced natural gas. Oil India too will see erosion in its bottomline. The revision was on expected lines and shares of ONGC ended with gains on Thursday. However, oil and gas prices remain weak and also a weak rupee has cushioned the impact of the gas price cut. However, the rupee has been in an upward trajectory over the last few days and any significant appreciation could weigh on ONGC and Oil India shares. Movement for crude oil prices and rupee-dollar would be key for these stocks in the near term. Shares of state-owned refiners IOC, BPCL and HPCL will continue to move in a range. While the fundamentals for these companies have improved following diesel price deregulation, most of that has been priced in. Refining margins, on the other hand, have weakened in recent months.

Pharma sector – Lupin, Dishman Pharma may rise this week

Pharmaceutical space is seen bullish and shares of Lupin Ltd and Dishman Pharmaceuticals and Chemicals Ltd, in particular, will continue with their positive momentum this week. Shares of Lupin gained steadily for the past six sessions and hit lifetime high levels. The initial uptick in Lupin's stock was on account of Credit Suisse upgrading its outlook on the drug maker after it increased the price of its diabetes drug Fortamet by 200%. Another stock that outperformed its peers in the last few trading sessions, and is expected to continue with its up run is Dishman Pharmaceuticals. The stock rose for the fourth consecutive session, ending up nearly 11% up. It became one of the top gainers among CNX 500 constituents. The bullish trading was witnessed in Dishman Pharmaceuticals' shares over its pact with Janssen Pharmaceutica NV for supplying bulk drug for Sirturo, a medicine used to treat multi-drug resistance tuberculosis.

Metal Sector – Selling pressure to continue this week

Selling pressure on shares of major metals and mining companies is likely to continue this week on concerns over falling global commodity prices. There could be a rally if steel companies raise product prices. If there is no hike, stocks will start falling. The market is anticipating a hike in select steel product prices after the government imposed a 20% provisional safeguard duty on hot-rolled coils in a bid to curb cheap imports from countries like China and Russia. The metals and mining sector, however, will continue to remain volatile till commodity prices stabilise. Prices are seen stabilising when commodity oversupply reduces and there is a demand-supply match.

Telecom Sector – Seen bounceback this week

Shares of major telecom companies are expected to move in positive territory this week after having had a mixed luck last couple of weeks. This week's outlook for Bharti Airtel Ltd, the country's largest telecom operator, is positive along with that of its rivals, Reliance Communications Ltd and Idea Cellular Ltd. The overall outlook for the sector was positive as the government had cleared some key policy decisions in the recent past. These include guidelines on spectrum sharing and trading.



Market range for the week 7750- 8180

Nifty	Values
Support 1	7880
Support 2	7820
Support 3	7750
Resistance 1	8020
Resistance 2	8080
Resistance 3	8150

Resistance – Nifty may face resistance at 8020 level above this level it may go up to 8080-8150 level.

Support - Nifty has support at 7880 level below this next support at 7820-7750 levels.

Technical – During the week, CNX Nifty opened at 7892.80 and touched the highest level of 8008.25 and lowest level of 7691.20. The CNX Nifty ended at 7950.90; gain 82.40 points or 1.05%. The S&P BSE Sensex opened at 25922.71 and touched the highest level of 26431.80 and lowest level of 25287.33. The S&P BSE Sensex closed at 26220.95; gain 357.45 points or 1.38%.

For the coming week, we expect the market range of 7750-8180.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we had witness bearish candle and on weekly chart doji candle, because of that we had mentioned 8050-8120 will be resistance and 7720-7650 will be good support and all we have seen Nifty in same range. Now on daily as well as on weekly chart we can see “Narrow range” body formation. So we can see remain range bound activity with stocks specific action and 8150-8180 will be major resistance and 7780-7750 will be good support.

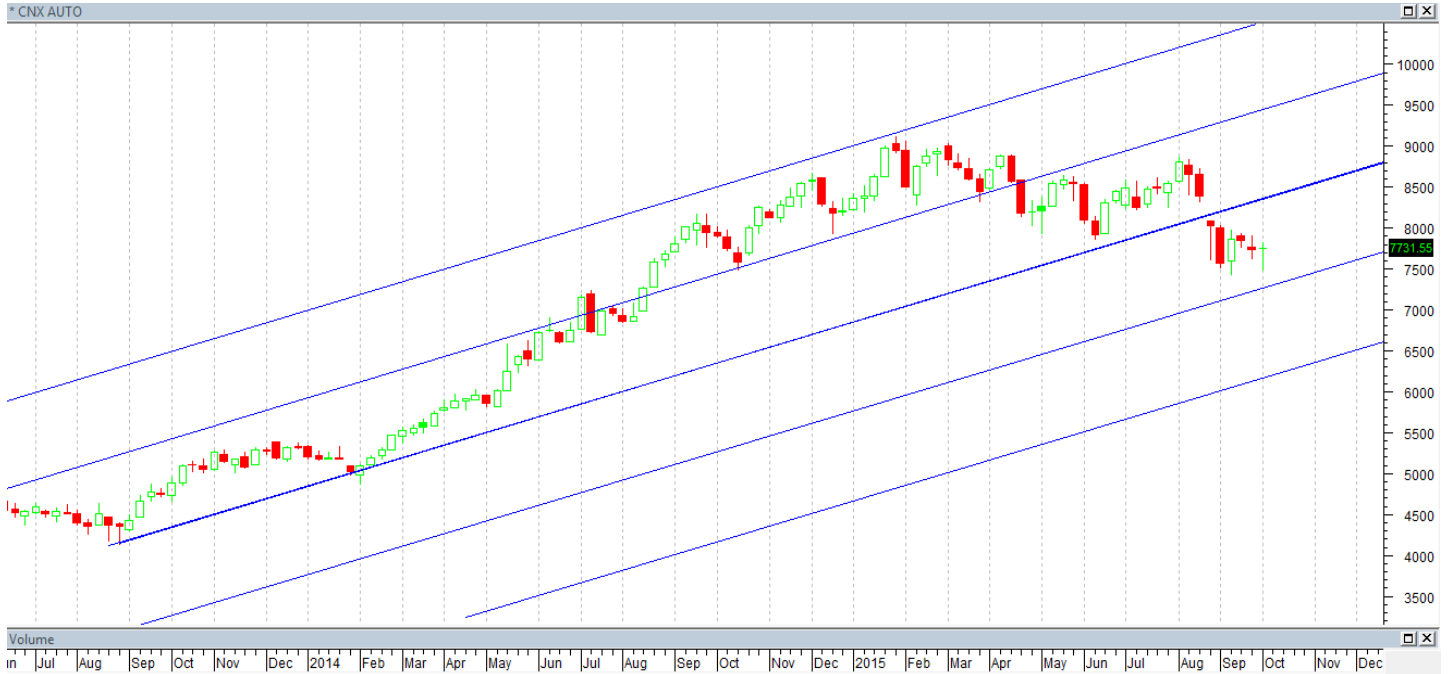
Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 7731
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NSE Auto

At present we are observing high wave Doji candlestick pattern which indicated that the down trend is losing breath. Aggressive traders can go long above 7816 with a stop loss of 7475. On the upside it can test 7900 - 8200 – 8400 levels.

NSE Bankex	CMP: 17150
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NSE Bankex

At present we have witnessing two consecutive spinning top which indicates that the pullback rally is losing breath. Hence one should avoid the sector at present.



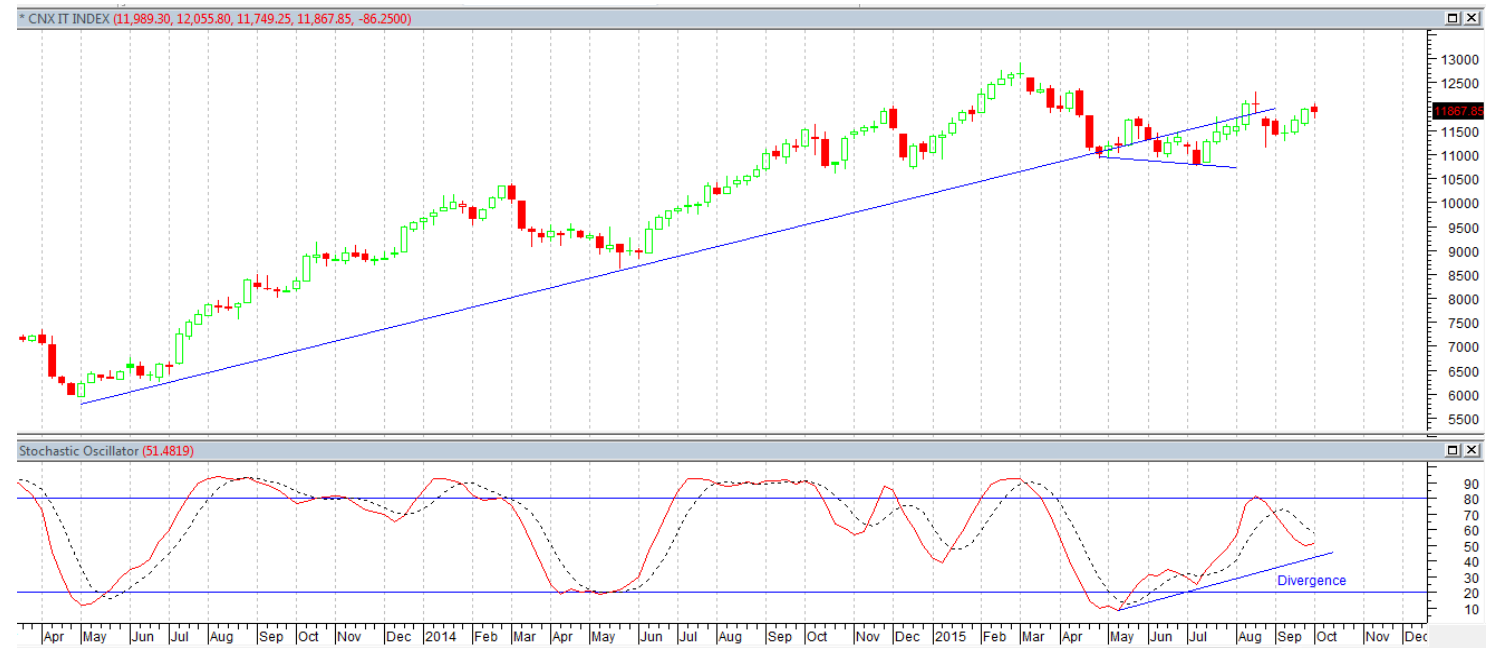
NSE Metal Index	CMP: 1650
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NSE Metal Index

We reiterate our view that the current price action has closed below the lower trendline of the symmetric triangle. This suggests weakness. Hence, one should avoid this sector at present.

NSE IT	CMP: 11867
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NSE IT

We maintain our stance that this sector is out performing Nifty. Hence it has higher relative strength. Aggressive traders, gone long in this sector above 11800 should trial their stop loss to 11700. On the upside this sector has potential to test 12300 - 12600 levels.



Weekly Technicals of Key Companies –

Company	Closing 01-Oct-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1363.10	1346.53	1391.57	1420.03	1318.07	1273.03
ADANIPORTS	305.05	303.35	313.70	322.35	294.70	284.35
AMBUJACEM	209.95	205.73	215.22	220.48	200.47	190.98
ASIANPAINT	839.65	822.88	865.77	891.88	796.77	753.88
AXISBANK	496.25	501.08	517.17	538.08	480.17	464.08
BAJAJ-AUTO	2315.10	2282.48	2359.97	2404.83	2237.62	2160.13
BANKBARODA	181.10	183.12	187.38	193.67	176.83	172.57
BHARTIARTL	339.45	331.83	348.07	356.68	323.22	306.98
BHEL	199.35	199.62	207.23	215.12	191.73	184.12
BOSCHLTD	19306.40	19651.70	20220.60	21134.80	18737.50	18168.60
BPCL	855.10	865.75	888.30	921.50	832.55	810.00
CAIRN	153.20	150.75	157.85	162.50	146.10	139.00
CIPLA	633.55	638.63	648.77	663.98	623.42	613.28
COALINDIA	328.35	319.83	338.87	349.38	309.32	290.28
DRREDDY	4232.95	4150.98	4331.97	4430.98	4051.97	3870.98
GAIL	293.25	296.45	308.40	323.55	281.30	269.35
GRASIM	3529.15	3493.08	3606.07	3682.98	3416.17	3303.18
HCLTECH	857.05	893.87	952.88	1048.72	798.03	739.02
HDFC	1196.60	1197.70	1242.90	1289.20	1151.40	1106.20
HDFCBANK	1067.65	1056.55	1088.00	1108.35	1036.20	1004.75
HEROMOTOCO	2412.05	2395.45	2489.30	2566.55	2318.20	2224.35
HINDALCO	70.90	70.47	73.43	75.97	67.93	64.97
HINDUNILVR	816.40	808.15	835.50	854.60	789.05	761.70
ICICIBANK	267.10	265.63	274.92	282.73	257.82	248.53
IDEA	150.00	146.98	156.82	163.63	140.17	130.33
INDUSINDBK	957.60	940.72	980.13	1002.67	918.18	878.77
INFY	1173.05	1156.10	1214.70	1256.35	1114.45	1055.85
ITC	328.75	326.53	336.07	343.38	319.22	309.68
KOTAKBANK	640.85	641.58	659.17	677.48	623.27	605.68
LT	1490.10	1465.70	1519.05	1548.00	1436.75	1383.40
LUPIN	2108.85	2066.72	2170.13	2231.42	2005.43	1902.02
M&M	1250.05	1243.58	1285.57	1321.08	1208.07	1166.08
MARUTI	4580.35	4603.60	4740.20	4900.05	4443.75	4307.15
NTPC	123.50	122.80	126.60	129.70	119.70	115.90
ONGC	232.35	228.02	238.33	244.32	222.03	211.72
PNB	132.45	133.72	136.68	140.92	129.48	126.52
POWERGRID	130.55	129.72	134.73	138.92	125.53	120.52
RELIANCE	864.70	854.92	883.73	902.77	835.88	807.07
SBIN	235.15	237.58	242.97	250.78	229.77	224.38
SUNPHARMA	891.00	875.42	910.58	930.17	855.83	820.67
TATAMOTORS	297.75	293.75	308.40	319.05	283.10	268.45
TATAPOWER	65.85	65.48	67.37	68.88	63.97	62.08
TATASTEEL	212.25	210.13	220.57	228.88	201.82	191.38
TCS	2644.60	2621.47	2673.08	2701.57	2592.98	2541.37
TECHM	563.00	560.68	584.32	605.63	539.37	515.73
ULTRACEMCO	2773.45	2728.52	2834.98	2896.52	2666.98	2560.52
VEDL	83.40	87.42	92.13	100.87	78.68	73.97
WIPRO	599.75	599.35	613.70	627.65	585.40	571.05
YESBANK	728.60	728.57	754.38	780.17	702.78	676.97
ZEEL	400.60	393.53	410.07	419.53	384.07	367.53

Source: Iris Software

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