

Key developments during the week

- India Jun Nikkei services PMI at 15 month low of 47.7 from 49.6 in May
- Rajya Sabha panel on GST for full compensation for 5 years
- Competition panel eases signing requirements by companies in M&A rules
- India's Jun manufacturing PMI slows to 51.3 from 52.6 in May
- India May fiscal deficit 811 bln rupees vs 1.274 trln rupees YoY
- India May core industries' growth at 4.4% vs (-) 0.4% in April
- Jaitley says new socio economic census to help target policy planning
- MUDRA Bank head says norms for MUDRA Bank still under consideration
- Govt to hold state farm ministers' meet Jul 10 for e-market project
- ICRA sees India FY16 GDP growth rising to 7.4-7.6% from 7.3%
- RBI Rajan says more capital to enable banks to tackle NPAs better
- Cabinet approves national policy for skill development, entrepreneurship
- Cabinet approves PM irrigation scheme; to spend 500 bln rupees in next 5 years
- RBI moots account aggregation NBFC for all financial sector products
- Jayant Sinha says working with PSU banks on their capital requirement
- Revenue secretary says roadmap on removing corporate tax sops in 45 days
- Fitch cuts India's FY16 real GDP growth forecast to 7.8% vs 8%

INDEX	03-July-15	26-Jun-15	Change (in %)
NIFTY	8484.90	8381.10	1.24
SENSEX	28092.79	27811.84	1.01
NSE 500	7003.95	6908.40	1.38
NSE MIDCAP	3292.90	3245.10	1.47
NIFTY JUNIOR	20263.75	19802.35	2.33
BSE SMALLCAP	11303.58	11124.49	1.61
BSE 200	3550.85	3504.08	1.33

INDEX	03-July-15	26-Jun-15	Change (in %)
BSE AUTO	18970.45	18865.34	0.56
BSE BANK	21505.16	21058.76	2.12
BSE CAPITAL GOODS	17892.97	17558.46	1.91
BSE CD	10856.38	10691.98	1.54
BSE FMCG	7819.36	7613.17	2.71
BSE HEALTHCARE	16664.65	16424.58	1.46
BSE IT	10589.68	10719.36	-1.21
BSE METALS	9239.77	9300.33	-0.65
BSE OIL AND GAS	10006.10	9899.52	1.08
BSE PSU	7763.61	7666.94	1.26
BSE REALTY	1423.81	1440.07	-1.13
BSE TECH	6025.62	6024.63	0.02

INDEX	02-July-15	26-Jun-15	Change (in %)
DOW JONES	17730.11	17946.68	-1.21
HANG SENG	26064.11	26659.03	-2.23
NIKKEI	20539.79	20706.15	-0.80
FTSE	6585.78	6753.70	-2.49

Domestic events week ahead

- Jul 06-08:** Foreign tourist arrivals in June, by tourism ministry.
- Jul 06-08:** Major port traffic in Apr-Jun, by Indian Ports Association.
- Jul 06-08:** Power generation for June, by Central Electricity Authority.
- Jul 08-10:** Automobile sales data for June, by SIAM.
- Jul 08-13:** FDI equity inflow in May, by RBI.
- Jul 09:** Rainfall for week to Jul 8, by IMD.
- Jul 10:** Index of Industrial Production for May, by CSO.

Source: NW18

Global events week ahead

- Jul 06:** Europe Retail PMI, US Final Services PMI, US ISM Non-Manufacturing PMI
- Jul 07:** German Industrial Production, French Gov Budget Balance, French Trade Balance, UK Manufacturing Production, US Trade Balance, US JOLTS Job Openings
- Jul 08:** Japan Current Account, UK Annual Budget Release, US Crude Oil Inventories, US FOMC Meeting Minutes, US FOMC Member Williams Speaks
- Jul 09:** China CPI, China PPI, German Trade Balance, UK Official Bank Rate, UK Asset Purchase Facility, US Unemployment Claims
- Jul 10:** Japan PPI, Japan Consumer Confidence, French Industrial Production, Italian Industrial Production, UK Trade Balance



Weekly Sector Outlook and Stock Picks

Auto sector – Seen positive on good rains; Greece vote eyed

Stocks of major automakers are seen trading with a positive bias this week thanks to good rains, but the outcome of Greece's referendum will also be important for the major indices, which also will decide the broader trend to an extent. In the referendum, Greece's citizens will decide whether or not to accept its creditors' proposal for greater austerity measures, even a 'No' vote would have a limited impact on the automobile sector, and benchmark Nifty index as a majority of the crisis has already been factored in. Two-wheeler manufacturers are expected to see a positive week in their respective counters owing to good rains. Maruti Suzuki India Ltd's counter is seen trading in a range this week. Hero MotoCorp's scrip is seen trading with a positive bias. Tata Motors Ltd is likely to see rangebound action during the week. The CNX Auto index is seen trading with a positive bias.

Bank Sector – Seen trading with negative bias; Greece eyed

Bank stocks are expected to trade with a negative bias this week, with public sector banks, apart from State Bank of India, seen out of favour. Friday, shares of SBI ended at 269.40 rupees, up 0.6% from Thursday. The Bank Nifty ended at 18729.65, up nearly 2% from a week ago. The immediate event for market participants remains the Greek referendum. The latter half of the next week could see participants eyeing retail inflation data for June, set to be detailed on Jul 13. Kotak Mahindra Bank is expected to surge Monday after the Foreign Investment Promotion Board cleared the lender's proposal to raise the foreign direct investment limit to 55%.

Capital Goods Sector – Seen tracking wider market; Crompton Greaves eyed

Shares of most capital goods companies are seen tracking the broader market this week as traders are likely to be cautious owing to global economic concerns, some stock-specific action is seen in shares of electrical equipment maker Crompton Greaves with the chairman appraising investors that the company has received buyout offers for some of its overseas operations. The company's promoter and chairman has said Crompton has received non-binding bids from international entities for acquiring European, North American, and Indonesia business of CG Power. It has got firm offers for the Canadian power equipment facility and the US transportation automation business CG Automation Solutions Inc. Shares of Larsen & Toubro are also seen extending gains this week. Investors will also be eyeing industrial production data for May which will be announced on Jul 10.

Cement Sector – Seen in range with negative bias on low demand

Cement stocks are expected to be rangebound and trade with a negative bias this week due to the progress of the southwest monsoon, which is likely to further dampen the already-subdued demand and tepid Apr-Jun quarter earnings by cement companies. The overall outlook is cautious for the near term, primarily due to a weakness in demand across markets. During monsoon, infrastructure activities slow down, so this quarter is going to be muted for the cement industry. Shares of India Cements and Ramco Cements which have a major presence in the south Indian market are likely to do better than their sectoral peers in terms of their Apr-Jun results as well as stock prices. Among the major players, UltraTech is likely to report better numbers due to their expanded capacity and growth in volumes, which have been muted but still better than other cement companies. In fact, ACC and Ambuja Cements are likely to report negative growth. The recent hikes in cement prices are likely to lend some protection to the stocks; however, any downward price revision in the near-term would go against the cement companies' scrips.

FMCG Sector – Seen trading sideways with positive bias this week

Shares of fast moving consumer goods companies are seen trading sideways with a positive bias this week due to good progress of monsoon. The stocks are also seen tracking the broader market, which is likely to open subdued this week tracking the movement in other global markets. The CNX FMCG Index has risen more than 4.5% in the last two weeks. Good progress in monsoon is seen impacting many FMCG companies positively. Monsoon rain is crucial for the FMCG sector, as it has significant bearing on rural demand for consumer products. Monsoon has been 7% above normal so far, with 201.8 mm rainfall and sowing has been good, according to the Indian Meteorological Department. Good rains have boosted kharif crop sowing in the country. Companies like Hindustan Unilever, Godrej Consumer Products and Marico are expected to benefit from this development because of their strong presence in the rural market.

**IT Sector – Seen upbeat on high expectations from TCS results**

Shares of information technology companies are expected to trade in the positive zone this week led by frontline companies such as Tata Consultancy Services Ltd which is widely expected to post significantly improved numbers for Apr-Jun. The country's largest software exporter by market capitalization will detail Apr-Jun numbers on Jul 9. TCS is expected to trade with a positive bias and so will some other frontline companies. Since TCS is expected to announce positive results, market sentiments will be bullish on the IT sector. Earlier in the week, Tech Mahindra Ltd had issued a profit warning that its Apr-Jun performance would be hit by a marginal decline in both revenues and operating margins due to a rise in H1-B visa costs and seasonal weak mobility business. Several brokerage firms including Nomura Financial Advisory and Securities India downgraded its rating on Tech Mahindra from buy on slow margin recovery and limited upside in revenue growth.

Oil Sector – PSU refiners seen upbeat, RIL in range

Shares of the oil refining and marketing companies IOC, BPCL and HPCL are expected to be buoyant in near term as refining and marketing margins continued to remain robust while oil prices softened. The price of the Indian basket of crude oil fell below \$60 a barrel earlier this week before recovering in the latter half. On Thursday, the Indian crude basket crude price was \$61.2 per barrel. Friday, WTI crude had fallen around 0.5%. We believe that oil prices will remain low until the Greek crisis is resolved either way. The decision over Greece's debt will also have a bearing on the broad market. The outcome of the referendum in Greece and the trend in global markets will lend cues to domestic equities this week, but the bias in the Indian markets is expected to be positive. Meanwhile, refining and marketing margins continued to remain strong and that augurs well for these companies as well as Reliance Industries Ltd for which refining is still the biggest business vertical. Also, reports suggest that Saudi Arabia may extend discounts to India on crude prices which will further lift refining margins. However, softer oil prices are likely to weigh on shares of ONGC and Oil India may continue their negative trend unless there is some recovery in crude prices.

Pharma sector – Seen up on defensive buying amid Greece woes

Shares of companies in the pharmaceutical sector, considered a defensive segment, are seen trading high this week as the broad market is likely to remain weak tracking movement in other global markets amid the Greek debt crisis. With Greece holding a referendum and no other significant trigger for the market, domestic equities are likely to trade in a narrow range as traders will avoid taking aggressive positions. Greece's referendum will be on whether or not to accept the creditors' austerity proposals in return for a bailout package. A sharp fall in equities in the short term is likely if Greeks reject the proposal. Sector major Cipla is seen trading with a positive bias with a momentum on the upside. Pfizer, which fell over 2% on week, is also seen gaining this week. Shares of Biocon, Aurobindo Pharma and Sun Pharma are seen rangebound.

Metal Sector – Seen down on low commodity prices, muted demand

Stocks of metal companies are likely to trade lower amid low price of metals both in domestic and international markets as well as muted demand. Demand for most metals, particularly steel, is muted in China, the world's largest producer and consumer, which has affected global prices. Demand is weak in the local market also, driving down values of steel makers' shares. Domestic steel prices have fallen by 5-6% in the past three months. Iron ore prices have also been weak over the past few months. The government on Jun 17 raised import duty on select flat and long steel products to 10% and 7.5%, respectively. The industry, however, is vying for a bigger hike. The 2.5% hike in import duty has not had any impact on domestic steel prices due to very poor demand. The pressure on steel manufacturers' share prices is expected to continue in the near term due to weak demand and low prices.

Telecom Sector – Seen positive this week; RComm subdued

Shares of telecom majors are seen largely positive with the exception of Reliance Communications Ltd, which is expected to trade in a narrow range. Bharti Airtel is seen outperforming the sector this week, and Idea Cellular is also seen positive due to the breakout seen in the company's share recently from its consolidating movement. The recent bounceback witnessed in shares of Reliance Communications was not sustained. Telecom companies have largely shown improvement in the stock market recently, with the ball of spectrum sharing and trading guidelines now rolling. Friday, Telecom Secretary Rakesh Garg told reporters that the Cabinet note on proposals in this regard was circulated.



Market range for the week 8280- 8650

Nifty	Values
Support 1	8450
Support 2	8380
Support 3	8320
Resistance 1	8495
Resistance 2	8550
Resistance 3	8620

Resistance – Nifty may face resistance at 8495 level above this level it may go up to 8550-8620 level.

Support - Nifty has support at 8450 level below this next support at 8380-8320 levels.

Technical – During the week, CNX Nifty opened at 8247.05 and touched the highest level of 8497.75 and lowest level of 8195.65. The CNX Nifty ended at 8484.90; gain 103.80 points or 1.24%. The S&P BSE Sensex opened at 27451.07 and touched the highest level of 28135.40 and lowest level of 27209.19. The S&P BSE Sensex closed at 27811.84; gain 280.95 points or 1.01%.

For the coming week, we expect the market range of 8280-8650.

Weekly Chart View –

We had mentioned in last week’s report that on the daily we have seen some consolidation around 200DMA and on weekly chart we get closed below 50WMA, because of that we had mentioned upper side 8460 and lower side 8220 could be range and all we have seen trade between this ranges. Now on daily chart we get close above 100 and 200DMA. On weekly chart we witness a positive candle. So overall from here we can see some stock specific move and above 8495-8505 we can see move up to 8580-8620, from here 8350-8280 will be good support.

Weekly Chart





Weekly Sectoral Technical Outlook

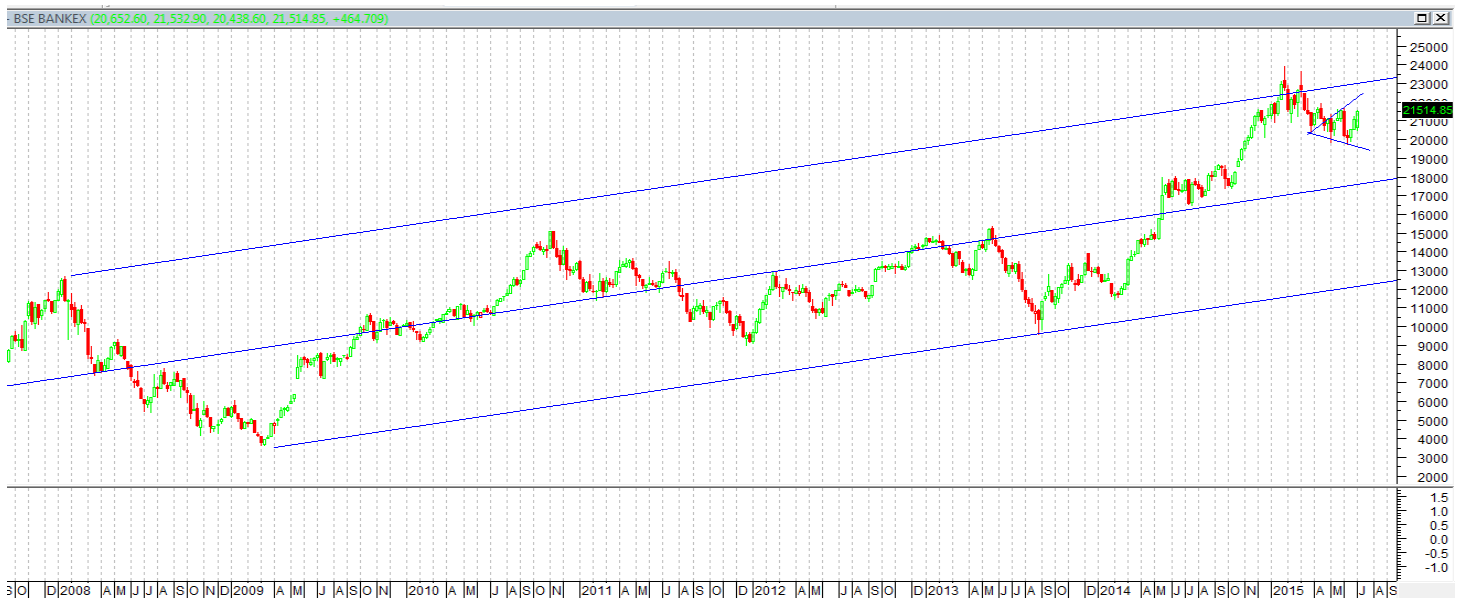
BSE Auto Index	CMP: 18970
-----------------------	-------------------



BSE Auto

We reiterate our view that the current price action suggests that this is a pullback rally in a lower top lower bottom formation. At present there is no clear pattern to go long in this sector. Hence, one should avoid this sector at present.

BSE Bankex	CMP: 21505
-------------------	-------------------



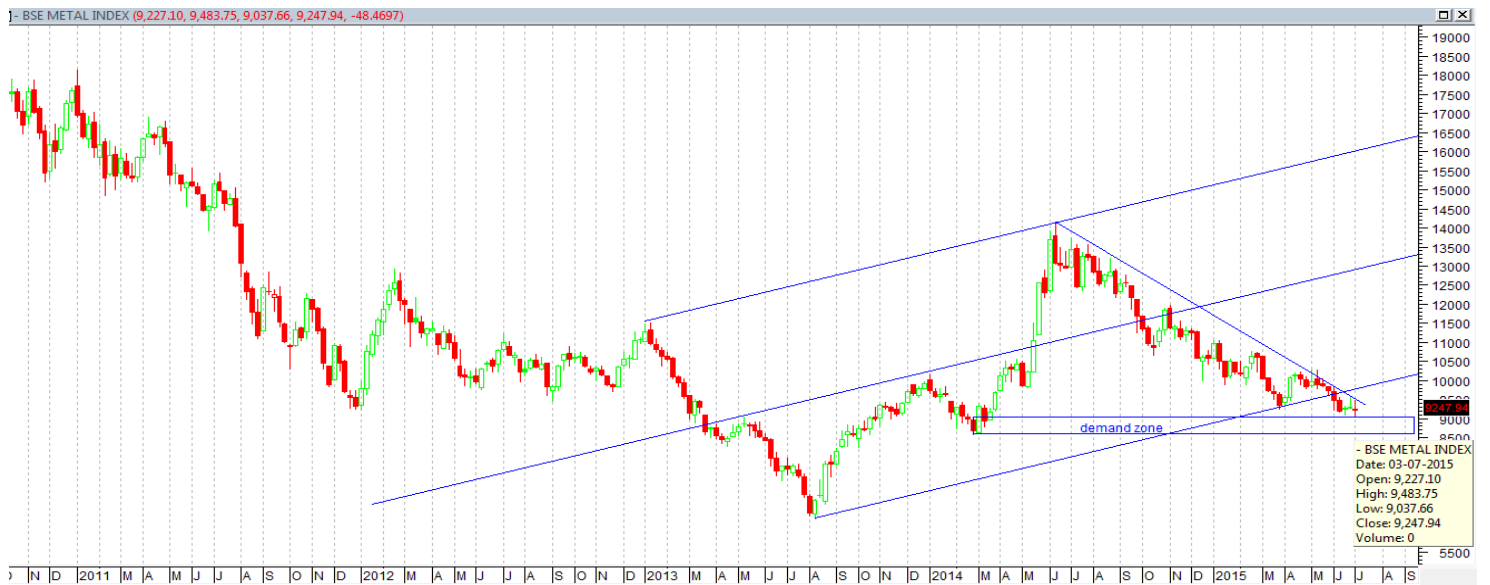
BSE Bankex

We are observing that prices are near to the supply zone. However, the strong bull candle suggests that momentum on the upside is likely to continue. Hence, we are of the opinion that if prices trade above 21650 level then one should enter long with a stop loss of 19980 for a target of 22000 – 22500 – 22800 levels.



BSE Metal Index

CMP: 9239



BSE Metal Index

We reiterate our view that the prices are facing resistance at the downward sloping trendline shown above in the graph. One has to wait for prices to close above the downward sloping trendline to go long in this sector. Hence, one should avoid the sector.

BSE IT

CMP: 10589



BSE IT

At present there is no clear signal to go long in this sector hence one should avoid the sector.



Weekly Technicals of Key Companies –

Company	Closing 03-Jul-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1480.40	1447.65	1519.75	1559.10	1408.30	1336.20
AMBUJACEM	242.35	235.20	250.15	257.95	227.40	212.45
ASIANPAINT	772.70	759.53	791.57	810.43	740.67	708.63
AXISBANK	585.95	573.48	600.97	615.98	558.47	530.98
BAJAJ-AUTO	2588.00	2559.15	2637.85	2687.70	2509.30	2430.60
BANKBARODA	150.80	146.75	156.35	161.90	141.20	131.60
BHARTIARTL	435.10	426.42	446.83	458.57	414.68	394.27
BHEL	259.10	254.77	266.73	274.37	247.13	235.17
BOSCHLTD	22988.30	22496.12	23992.18	24996.07	21492.23	19996.17
BPCL	902.85	890.22	927.43	952.02	865.63	828.42
CAIRN	183.20	182.62	188.08	192.97	177.73	172.27
CIPLA	631.55	623.53	646.97	662.38	608.12	584.68
COALINDIA	417.50	415.40	431.40	445.30	401.50	385.50
DRREDDY	3587.75	3541.28	3654.57	3721.38	3474.47	3361.18
GAIL	385.25	389.87	396.58	407.92	378.53	371.82
GRASIM	3506.75	3452.22	3603.43	3700.12	3355.53	3204.32
HCLTECH	964.90	948.30	985.60	1006.30	927.60	890.30
HDFC	1316.05	1299.68	1339.37	1362.68	1276.37	1236.68
HDFCBANK	1074.25	1060.58	1090.67	1107.08	1044.17	1014.08
HEROMOTOCO	2576.65	2553.87	2607.73	2638.82	2522.78	2468.92
HINDALCO	110.60	111.82	113.98	117.37	108.43	106.27
HINDUNILVR	924.50	907.45	946.55	968.60	885.40	846.30
ICICIBANK	314.55	310.07	319.98	325.42	304.63	294.72
IDEA	181.20	177.85	187.55	193.90	171.50	161.80
INDUSINDBK	893.50	878.38	915.67	937.83	856.22	818.93
INFY	990.30	991.77	1003.53	1016.77	978.53	966.77
ITC	315.60	312.22	320.68	325.77	307.13	298.67
KOTAKBANK	1428.85	1410.62	1479.13	1529.42	1360.33	1291.82
LT	1807.30	1783.77	1848.53	1889.77	1742.53	1677.77
LUPIN	1900.95	1873.27	1946.23	1991.52	1827.98	1755.02
M&M	1312.65	1302.57	1339.98	1367.32	1275.23	1237.82
MARUTI	3998.90	4016.62	4072.13	4145.37	3943.38	3887.87
NMDC	117.75	117.13	119.87	121.98	115.02	112.28
NTPC	138.85	137.98	140.57	142.28	136.27	133.68
ONGC	309.20	310.77	315.53	321.87	304.43	299.67
PNB	142.30	138.28	146.97	151.63	133.62	124.93
POWERGRID	141.50	140.75	143.85	146.20	138.40	135.30
RELIANCE	1007.20	999.65	1027.30	1047.40	979.55	951.90
SBIN	269.40	265.22	275.43	281.47	259.18	248.97
SUNPHARMA	871.00	864.57	892.83	914.67	842.73	814.47
TATAMOTORS	433.15	432.90	447.65	462.15	418.40	403.65
TATAPOWER	74.30	73.90	75.90	77.50	72.30	70.30
TATASTEEL	301.20	299.68	311.97	322.73	288.92	276.63
TCS	2603.90	2584.63	2629.27	2654.63	2559.27	2514.63
TECHM	471.60	485.43	503.77	535.93	453.27	434.93
ULTRACEMCO	3064.65	2989.53	3154.07	3243.48	2900.12	2735.58
VEDL	170.55	172.52	175.53	180.52	167.53	164.52
WIPRO	549.55	550.43	559.62	569.68	540.37	531.18
YESBANK	871.35	857.78	891.57	911.78	837.57	803.78
ZEEL	369.40	362.27	378.53	387.67	353.13	336.87

Source: Iris Software

**Contact**

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com

**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

Disclaimer: This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

ARIHANT Capital Markets Ltd

#1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

RCH-WMR-00