

Key developments during the week

- India Aug Nikkei manufacturing PMI at 52.3 from 52.7 in Jul
- India Aug Nikkei services PMI at 51.8 from 50.8 in Jul
- India Apr-Jun GDP growth at 7% Vs 7.5% QoQ and Vs 6.7% YoY
- India Apr-Jul fiscal gap at Rs 3.85 trillion vs Rs 3.249 trillion YoY
- India Jul eight core industries' growth at 1.1% vs 3% in Jun
- Govt accepts Shah panel report; MAT won't apply to FII, FPIs
- Fitch says India FY16 real GDP growth forecast cut to 7.8% from 8%
- Moody's says India realty companies to face challenging times in next one year
- Govt source says Cabinet approves statutory order on 2013 land bill
- Oil minister says Cabinet approves auction of 69 oil and gas fields
- IMF says inflation fall has created space for modest rate cut by RBI
- UP Govt approves 20.7-bln-rupees financial package for sugar mills
- Bank sources say RBI set to allow private bank promoters to hold 15%
- Trade minister says got invest proposals of \$3 bln under Make in India
- Chief economic adviser says Indian economy to grow closer to 8% FY16
- SIAM head says prolonged slowdown in auto sector coming to an end
- Fitch says govt capital support to remain crucial for Indian PSU banks

INDEX	04-Sep-15	28-Aug-15	Change (in %)
NIFTY	7655.05	8001.95	-4.34
SENSEX	25201.90	26392.38	-4.51
NSE 500	6421.05	6694.45	-4.08
NSE MIDCAP	2982.75	3147.05	-5.22
NIFTY JUNIOR	19407.60	20215.35	-4.00
BSE SMALLCAP	10605.24	10992.82	-3.53
BSE 200	3241.15	3380.16	-4.11

INDEX	04-Sep-15	28-Aug-15	Change (in %)
BSE AUTO	16983.20	18003.50	-5.67
BSE BANK	18437.50	19703.42	-6.42
BSE CAPITAL GOODS	15432.58	16326.03	-5.47
BSE CD	10639.71	11102.20	-4.17
BSE FMCG	7610.70	7819.21	-2.67
BSE HEALTHCARE	17136.22	17645.72	-2.89
BSE IT	10970.02	11188.64	-1.95
BSE METALS	7116.66	7401.72	-3.85
BSE OIL AND GAS	8539.77	8853.69	-3.55
BSE PSU	6521.99	6910.77	-5.63
BSE REALTY	1242.32	1277.73	-2.77
BSE TECK	5989.70	6110.78	-1.98

INDEX	04-Sep-15	28-Aug-15	Change (in %)
DOW JONES	16102.38	16643.01	-3.25
HANG SENG	20843.92	21609.67	-3.54
NIKKEI	17792.16	19136.32	-7.02
FTSE	6042.92	6247.94	-3.28

Domestic events week ahead

- Sep 07-11:** Automobile sales data for August, by SIAM.
- Sep 07-11:** Foreign tourist arrivals in August, by tourism ministry.
- Sep 07-14:** Major port traffic in Apr-Aug, by Indian Ports Association.
- Sep-10-14:** FDI inflow in July, by RBI.
- Sep 10-14:** Balance of payments for Apr-Jun, by RBI.
- Sep 11:** Index of Industrial Production for July, by CSO.

Source: NW18

Global events week ahead

- Sep 07:** German Industrial Production m/m
- Sep 08:** Japan Current Account, Japan Final GDP q/q, China Trade Balance, German Trade Balance, French Gov Budget Balance, French Trade Balance, Europe Revised GDP q/q
- Sep 09:** Japan Consumer Confidence, UK Manufacturing Production m/m, UK Trade Balance, UK Industrial Production m/m, US JOLTS Job Openings
- Sep 10:** Japan PPI y/y, China CPI y/y, China PPI y/y, French Industrial Production m/m, UK Official Bank Rate, UK Asset Purchase Facility, US Unemployment Claims, US Crude Oil Inventories
- Sep 11:** German Final CPI m/m, Italian Industrial Production m/m, Eurogroup Meetings, US PPI and Core PPI m/m, US Prelim UoM Consumer Sentiment, US Federal Budget Balance



Weekly Sector Outlook and Stock Picks

Auto sector – Seen down this week on global economic uncertainty

Stocks of automobile companies are likely to continue tracking broader indices this week and trade under pressure due to the global economic environment showing signs of uncertainty. Global cues will overpower domestic trends in the near term because the auto sector does not have strong triggers of its own currently; the sales environment has also not been very positive. Automobile sales for the month of August were not really positive, with most automakers presenting a muted growth, and some segments still declining. Motorcycle sales continue to be in the red, which would maintain pressure on stocks of two-wheeler manufacturers this week. Hero MotoCorp Ltd's plans to launch two scooters in September would keep it abreast of competition. Stocks of commercial vehicle manufacturers look better poised than peers, adding that passenger vehicle stocks would still be preferred over two-wheelers. Benign fuel prices would be a marginal positive for automobile stocks, who felt the current price levels could sustain in the short term owing to soft crude oil prices. Marginal rises or falls would continue, but largely petrol and diesel levels are seen steady.

Bank Sector – Seen trading sideways to negative this week

Shares of banks are expected to trade sideways to bearish this week, tracking weakness in the broad markets. Apart from the index of Industrial production data due on Sep 11, investors will eye the Sep 14 inflation data, which will give cues on the probability of the Reserve Bank of India opting for a rate cut at its bi-monthly policy on Sep 29. After data which showed that India's gross domestic product growth slowed down to 7% in Apr-Jun from 7.5% a quarter ago, the clamour for the rate cut to spur economic growth resurfaced. The overall sentiment on banks has been weak due to sluggishness in credit off-take. Also, HDFC Bank slashing its Base Rate and the RBI's plan to link Base Rate calculation to marginal cost of funds added to the bearish sentiment. On Tuesday, HDFC Bank cut its Base Rate by 35 basis points to 9.35%, which is the lowest lending rate among top banks by 35-65 bps. Separately, in a bid to make banks' Base Rates more sensitive to changes in policy rates, the apex bank on Tuesday issued draft guidelines for computation of Base Rates using marginal cost of funding.

Capital Goods Sector – Seen down, tracking broader market

Shares of most capital goods companies are seen extending losses this week tracking the broader market, and even sector heavyweights such as L&T and BHEL are likely to test their support levels. However, towards the end of the week there are possibilities of some consolidation in shares of L&T. The already weak private sector investment in capital expenditure is expected to slow down further as both global and domestic macro-economic indicators are showing no significant sign of recovery. On Wednesday, International Monetary Fund's Director Christine Lagarde has said that near-term downside risks for emerging economies have increased. On the home front, while these comments are having an impact on the new investment sentiment, the revival of projects that have been stalled for over three years is also likely to take a hit.

Cement Sector – Seen falling on broader weakness

Shares of major cement manufacturing companies are seen falling this week also, as weakness in broader markets is expected to continue and there are no triggers for cement stocks. Weak demand for cement is another reason why cement shares have failed to outperform in broader markets. The demand will remain subdued in the ongoing financial year owing to the weak monsoon and low retail demand.

FMCG Sector – Bias negative amid weak broader market sentiment

Shares of fast moving consumer goods companies are seen trading range-bound this week but the bias remains negative given the weak broader market sentiment due to global macroeconomic concerns. Though defensive sectors like information technology, pharmaceuticals and FMCG are likely to perform better than broader markets, FMCG is less preferred among defensives. There could be some technical rebound after the recent declines but upside is unlikely to sustain. Last week, CNX FMCG Index fell 2.5%, while Nifty and Sensex plunged 4%. Fundamentals for the FMCG sector are mixed. While benign raw materials are aiding gross margins of companies, increased competitive intensity may lead to higher spend on advertising and promotions. Also, demand on the ground has not picked up much and monsoon has been weak so far this season, which is a negative.

**IT Sector – Seen rangebound but to outperform broader market**

Information technology stocks are seen rangebound, but are expected to outperform the broader market this week as investors prefer to hold on to defensive stocks amid a slump in the market. Broader market sentiments are weak as foreign institutional investors have exited some investments due to concerns about global economic slowdown. Keeping in line with the broad market weakness, share prices of IT stocks have undergone correction. But the continuing depreciation of the rupee is seen favorably impacting these companies' margins. The rupee, which ended at 66.46 per dollar, is expected to further weaken against the dollar in the following week in light of upbeat US employment data. Tata Consultancy Services Ltd has raised salaries for entry-level employees by up to 10%. This has shown a positive sign for the company and the sector. Recently, HCL Technologies Ltd and Wipro Ltd have tied up with Manchester United and Chelsea Football Clubs respectively to provide various digital initiatives. These deals by the two large-caps IT companies have improved the sentiments of market participants. Recently, MindTree completed the acquisition of UK-based Bluefin Solutions and US based-Relational Solutions. These acquisitions are expected to aid the company's margins. Additionally, Cyient has completed the acquisition of Global Services Engineering Asia, a division of aerospace manufacturer Pratt & Whitney Services Pte Ltd.

Oil Sector – PSU refiners seen muted on rupee, oil price woes

Shares of state-owned oil marketing companies will continue to remain muted this week, weighed down by weak trend in the broad market and volatile crude oil prices. The fluctuating Indian currency may also affect sentiments against the three companies IOC, BPCL and HPCL. The companies are now enjoying healthy marketing margins on diesel and petrol as the cut in prices of these products, announced on Monday, was less than expected. Also, crude oil prices have recovered slightly, which will reduce inventory losses for these companies. Crude oil and product price trends will be a key determinant for these shares in the near term. However, the weakness in rupee may take away some of the gains. The rupee slid below 66.5 per dollar before recovering slightly to end at 66.46. Since the refiners import nearly 80% of their crude, a weaker rupee inflates the bill, part of which is compensated as prices of diesel and petrol are adjusted every fortnight. The rupee is expected to open down against the dollar on Monday as the US unit strengthened, against a mixed basket of currencies, following the release of US employment data. Weakness in the rupee may continue and traders fear it may dip below 67-a-dollar mark this week.

Pharma sector – Stock-specific movement seen this week

Shares of frontline pharmaceutical companies are seen trading based on specific triggers, with Cipla particularly being in focus due to its US acquisitions announced on Friday. There is no sectoral trigger this week in the pharma space, some positivity is seen though with pharma being defensive sector, but mostly it would be stock-specific. Cipla Ltd announced the acquisition of two US-based companies InvaGen Pharmaceuticals Inc, and Exelan Pharmaceuticals Inc for a combined value of \$550 mln in an all-cash deal. The move is seen to be a positive one by the Street. The acquisitions will strengthen the overall presence of Cipla in the US. Another Nifty-50 pharmaceutical stock Dr Reddy's Laboratories Ltd will be tracked by the markets, after it announced its entry into the hair serum segment with the launch of MINTOP Pro, priced at 995 rupees per 75 ml pack. However, movement of several pharmaceutical stocks would also be dependent on how the rupee fares against the dollar.

Metal Sector – Bounce back likely; some companies in oversold zone

Some bounce back is expected in shares of major metal and mining companies in the next four-five sessions, despite a weak outlook for the sector in the long term. Some recovery would continue as stocks in the sector have already reached the oversold zone. CNX metal index is seen in a range, with some bounce back this week. The index has fallen around 31% since January. Concerns over economic slowdown in China the largest producer and consumer of metals have continued to weigh on the metal sector. Weakness in global steel demand, oversupply of key raw materials such as iron ore and coking coal are likely to keep global steel prices under pressure.

Telecom Sector – Seen in negative zone this week

Shares of telecom companies are likely to enter negative territory again after remaining largely in the green this week. Meanwhile, concerns of weak monsoon and a slowdown in global economy are expected to continue weighing on benchmark indices in the near-term.



Market range for the week 7420- 7880

Nifty	Values
Support 1	7620
Support 2	7540
Support 3	7450
Resistance 1	7750
Resistance 2	7820
Resistance 3	7880

Resistance – Nifty may face resistance at 7750 level above this level it may go up to 7820-7880 level.

Support - Nifty has support at 7620 level below this next support at 7540-7450 levels.

Technical – During the week, CNX Nifty opened at 8009.25 and touched the highest level of 8043.60 and lowest level of 7626.85. The CNX Nifty ended at 7655.05; drag 346.90 points or -4.34%. The S&P BSE Sensex opened at 26469.42 and touched the highest level of 26504.73 and lowest level of 25119.00. The S&P BSE Sensex closed at 25201.90; drag 1190.48 points or -4.51%.

For the coming week, we expect the market range of 7420-7880.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart Nifty was near to demand zone and on weekly chart near to 100WMA, because of that we had mentioned 7880-7850 will be major support and below that we can see pressure and all we have seen same. Now on daily as well as on weekly chart we can see “Bearish candle”. So overall because of oversold we can see some consolidation but at higher level we can see pressure in the market. From here 7620-7610 will be major support below that we can see more pressue and 7850-7880 will be major resistance.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 7559
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NSE Auto

The current price action has convincingly closed below the upward sloping channel. This suggests weakness going ahead. On downside this sector can test 7200 – 7000 – 6800 levels. Hence one should avoid this sector.

NSE Bankex	CMP: 16129
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NSE Bankex

The current price action suggests that prices are heading towards the median line of the first channel. This suggests weakness. On downside this sector can test 15500 – 15000 – 14500 levels. Hence, one should avoid this sector.



NSE Metal Index

CMP: 1748



NSE Metal Index

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: 11413



NSE IT

We maintain our stance that this sector is out performing Nifty. Hence it has higher relative strength. Aggressive traders can go long in this sector above 11800 with a stop loss of 11100. On the upside this sector has potential to test 11500 – 11900 levels.



Weekly Technicals of Key Companies –

Company	Closing 04-Sep-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1345.40	1353.80	1390.45	1435.50	1308.75	1272.10
AMBUJACEM	211.50	211.80	221.20	230.90	202.10	192.70
ASIANPAINT	812.85	822.53	853.07	893.28	782.32	751.78
AXISBANK	468.00	482.80	503.10	538.20	447.70	427.40
BAJAJ-AUTO	2211.00	2225.62	2267.83	2324.67	2168.78	2126.57
BANKBARODA	174.25	176.30	187.75	201.25	162.80	151.35
BHARTIARTL	350.00	351.92	364.08	378.17	337.83	325.67
BHEL	206.20	214.33	224.67	243.13	195.87	185.53
BOSCHLTD	21819.70	22409.98	23239.91	24660.13	20989.77	20159.83
BPCL	850.60	852.53	885.07	919.53	818.07	785.53
CAIRN	146.80	146.53	153.27	159.73	140.07	133.33
CIPLA	649.55	660.68	677.27	704.98	632.97	616.38
COALINDIA	347.50	351.15	364.30	381.10	334.35	321.20
DRREDDY	4052.85	4132.53	4240.07	4427.28	3945.32	3837.78
GAIL	280.85	285.85	295.65	310.45	271.05	261.25
GRASIM	3374.70	3397.15	3471.10	3567.50	3300.75	3226.80
HCLTECH	940.30	948.77	971.53	1002.77	917.53	894.77
HDFC	1141.60	1155.17	1200.23	1258.87	1096.53	1051.47
HDFCBANK	996.05	1002.98	1025.97	1055.88	973.07	950.08
HERMOTOCO	2290.85	2323.80	2382.05	2473.25	2232.60	2174.35
HINDALCO	73.90	76.70	79.90	85.90	70.70	67.50
HINDUNILVR	830.00	838.37	861.63	893.27	806.73	783.47
ICICIBANK	257.75	265.58	276.52	295.28	246.82	235.88
IDEA	149.10	150.78	155.27	161.43	144.62	140.13
INDUSINDBK	840.80	838.35	867.45	894.10	811.70	782.60
INFY	1073.95	1091.93	1116.87	1159.78	1049.02	1024.08
ITC	317.10	319.97	325.63	334.17	311.43	305.77
KOTAKBANK	606.30	619.90	645.30	684.30	580.90	555.50
LT	1533.85	1561.27	1602.58	1671.32	1492.53	1451.22
LUPIN	1859.60	1881.63	1922.97	1986.33	1818.27	1776.93
M&M	1110.60	1148.25	1204.35	1298.10	1054.50	998.40
MARUTI	4063.30	4102.10	4194.20	4325.10	3971.20	3879.10
NMDC	98.25	99.82	103.08	107.92	94.98	91.72
NTPC	114.50	117.00	120.85	127.20	110.65	106.80
ONGC	225.55	231.73	242.22	258.88	215.07	204.58
PNB	130.75	133.95	144.30	157.85	120.40	110.05
POWERGRID	123.60	127.17	131.88	140.17	118.88	114.17
RELIANCE	835.90	844.62	864.13	892.37	816.38	796.87
SBIN	225.15	233.50	243.00	260.85	215.65	206.15
SUNPHARMA	857.70	875.78	898.92	940.13	834.57	811.43
TATAMOTORS	322.90	329.22	342.43	361.97	309.68	296.47
TATAPOWER	56.55	58.27	60.48	64.42	54.33	52.12
TATASTEEL	218.90	220.63	230.97	243.03	208.57	198.23
TCS	2547.45	2565.97	2601.93	2656.42	2511.48	2475.52
TECHM	529.30	529.37	552.63	575.97	506.03	482.77
ULTRACEMCO	2915.10	2904.98	3032.12	3149.13	2787.97	2660.83
VEDL	93.25	95.17	98.03	102.82	90.38	87.52
WIPRO	554.00	558.73	570.27	586.53	542.47	530.93
YESBANK	647.20	658.82	682.63	718.07	623.38	599.57
ZEEL	360.40	369.68	379.72	399.03	350.37	340.33

Source: Iris Software

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