

Key developments during the week

- Banking secretary says to move Cabinet by Nov on PSU bank stake dilution
- India HSBC manufacturing PMI falls to 9-month low of 51 in Sep from 52.4 in Aug
- Oil PSUs' profit on retail diesel sale up at 1.90 rupee per litre in Oct 1-15
- Fitch sees India FY15 growth picking up to 5.6%; FY16, FY17 at 6.5%
- Modi, Obama discuss WTO impasse, plan for three Indian smart cities
- RBI keeps repo rate unchanged at 8%; CRR unchanged at 4% of NDTL
- RBI keeps FY15 GDP growth estimate at 5.5%; FY16 seen at 6.3%
- India Apr-Aug tax mop-up 3.249 trln rupees, up 5.1% YoY
- India Apr-Aug fiscal gap 3.98 trln rupees, down 1.7% on year
- India Apr-Aug eight core industries' growth at 4.4% vs 4.2% year ago
- India Aug eight core industries' growth at 5.8% vs 4.7% year ago
- RBI Policy says to introduce new regulatory framework for NBFCs in Oct-end
- Jan Dhan Yojana enrolls 51 mln accounts, attracts 36 bln rupees deposits
- SBI head says asset quality stress in system hasn't disappeared

Domestic events week ahead

- Oct 07:** Services PMI for September, by HSBC.
- Oct 07:** Kharif sowing as on Oct 02, by agriculture ministry.
- Oct 07-10:** Power generation for September, by Central Electricity Authority.
- Oct 07-10:** Major port traffic in Apr-Sep, by Indian Ports Association.
- Oct 07-10:** Foreign tourist arrivals in September, by tourism ministry.
- Oct 08-13:** Automobile sales data for September, by SIAM.
- Oct 10:** Index of Industrial Production for August, by CSO.
- Oct 10-13:** FDI equity inflow in August, by RBI.
- Oct 10-14:** Rail freight traffic for September, by rail ministry.

Source: NW18

Global events week ahead

- Oct 07:** Japan Monetary Policy Statement, German Industrial Production m/m, BOJ Press Conference, French Gov Budget Balance, UK Manufacturing Production m/m, UK Industrial Production m/m, US JOLTS Job Openings, US Consumer Credit m/m
- Oct 08:** Japan Current Account, China HSBC Services PMI, BOJ Monthly Report, US Crude Oil Inventories, US FOMC Meeting Minutes
- Oct 09:** Japan Core Machinery Orders m/m, German Trade Balance, French Trade Balance, ECB Monthly Bulletin, UK Asset Purchase Facility, UK Official Bank Rate, US Unemployment Claims
- Oct 10:** Japan Consumer Confidence, French Industrial Production m/m, Italian Industrial Production m/m, UK Trade Balance, Federal Budget Balance
- Oct 11:** International Monetary Fund (IMF) Meetings

INDEX	01-Oct-14	26-Sep-14	Change (in %)
NIFTY	7945.55	7968.85	-0.29
SENSEX	26567.99	26626.32	-0.22
NSE 500	6398.05	6396.55	0.02
NSE MIDCAP	3128.10	3116.20	0.38
NIFTY JUNIOR	16929.65	16903.45	0.15
BSE SMALLCAP	10641.82	10510.99	1.24
BSE 200	3243.23	3247.23	-0.12

INDEX	01-Oct-14	26-Sep-14	Change (in %)
BSE CD	9766.80	9510.42	2.70
BSE OIL AND GAS	10562.58	10646.92	-0.79
BSE PSU	7750.61	7838.25	-1.12
BSE FMCG	7534.69	7651.37	-1.52
BSE CAPITAL GOODS	14165.45	14385.53	-1.53
BSE AUTO	17719.87	17835.70	-0.65
BSE REALTY	1571.24	1628.49	-3.52
BSE BANK	17538.57	17859.88	-1.80
BSE TECH	5998.89	5835.75	2.80
BSE HEALTHCARE	14299.27	13855.85	3.20
BSE IT	10895.40	10522.02	3.55
BSE METAL	11362.54	11649.26	-2.46

INDEX	03-Oct-14	26-Sep-14	Change (in %)
DOW JONES	16967.00	17113.15	-0.85
HANG SENG	23184.24	23678.41	-2.09
NIKKEI	15708.65	16229.86	-3.21
FTSE	6527.91	6649.39	-1.83



Weekly Sector Outlook and Stock Picks

Auto sector – May trade in a narrow range with positive bias

Shares of automobile manufacturers are seen moving in a narrow range with a positive bias this week, as most leading manufacturers reported growth in despatches to their dealerships in September. In the run up to the festivals season, most automakers were able to report good set of numbers, in terms of dealer despatches in anticipation of increased consumer demand. The festivals season in India runs from Oct-Dec, and this is when a bulk of the automobile purchases in the country takes place as consumer sentiment is buoyant. Over the past few months, the sales trajectory of certain key vehicle segments, particularly passenger cars and two-wheelers, has been positive, driving up stock valuations of companies such as Maruti Suzuki India, Hero MotoCorp and TVS Motor Company. Stock valuations remaining strong for automobile stocks in the near term, given the overall demand buoyancy in the sector. These stocks have been outperforming broader indices over the past few months and this trend is seen continuing at least over the short to medium term.

Bank Sector – Seen range-bound; profit-booking to cap upside

Bank stocks are expected to track the broad market and trade in a range-bound manner this week. As the banking sector is directly impacted by the central bank's interest rate decision, most bank stocks fell after the Reserve Bank of India, in its fourth bi-monthly monetary policy review, kept the policy rates unchanged citing inflation worries. The Bank Nifty ended the week at 15316.20, falling nearly 2% for a second week in a row. There will be some pressure from investors opting to book profits on rise this week, thereby capping the upside. The banking sector will continue to face pressure from the Supreme Court's ruling that has cancelled all but four coal block allocations since 1993.

Capital Goods Sector – To track broad market; L&T seen down

Shares of most capital goods companies are seen rangebound this week, tracking the broad market in the absence of any sector specific triggers and ahead of the start of the Jul-Sep corporate earnings season. While long-term investors still favour sector major Larsen & Toubro, the stock may see some profit booking at current levels. This week, the focus will be on information technology stocks, with sector major Infosys reporting its Jul-Sep earning on Oct 10, and bank stocks. Another capital goods large cap stock Bharat Heavy Electricals that saw a sharp fall in share prices this week is seen trading with a negative bias.

Cement Sector – To trade rangebound this week

Stocks of cement companies likely to be rangebound this week, as no major fundamental development is likely in the sector. The mood around cement stocks is generally good as demand is seen rising post monsoon, which is in its last leg. While we are bullish on the stocks such as ACC, JK Cement, India Cements and Mangalam Cements. Ambuja Cements and Ultratech Cements are seen trading in a range this week.

FMCG Sector – Large caps in focus ahead of Jul-Sep earnings

Large cap fast moving consumer goods companies such as Hindustan Unilever and ITC could see some buying in the week ahead as portfolio managers are likely to move their investments into safer stocks ahead of the Jul-Sep result season. ITC, HUL could see some buying given that they are defensive and unlikely to be very volatile in the result season, also they have fallen about 2% on week, and hence we could see some bargain buying. For the week ending Oct 1, the FMCG index fell 1.5%, worse than the 0.2% fall in the benchmark Sensex.

IT Sector – Optimistic as business picks up in US, Europe

Indian information technology companies are expected to have an optimistic outlook this week as the overall business environment picks up in the US and Europe. Infosys said it has extended its partnership with US-based Oracle Corp wherein the Indian IT major will provide support systems for the latter's products. According to the agreement, Infosys will provide additional services and solutions for Oracle's digital marketing and big data products, and cloud applications. This week, the market will closely watch Infosys' second-quarter results to be announced on Oct 10. Earlier in the week, Gartner said that Indian IT infrastructure spending will reach \$2 bln in 2015 and India is set to become the second largest market for data centre infrastructure in the Asia-Pacific region. Investors will continue to closely track the rupee as the



currency movement is crucial to IT companies. Typically, for every 1% change in the rupee-dollar equation, margins of Tier I Indian IT companies are impacted by 25-35 basis points.

Oil Sector – PSU companies seen up; to eye diesel decontrol talks

Shares of public sector oil marketing companies are expected to receive a boost early this week because of the buzz over the possibility of deregulation of diesel prices. The Cabinet is likely to take up the issue of deregulation of diesel prices in its meeting next week. If approved, the companies will have freedom to revise price of the fuel as and when needed. Shares of the three public sector oil marketing companies Indian Oil Corp Ltd, Hindustan Petroleum Corp Ltd and Bharat Petroleum Corp Ltd witnessed a healthy rise during the week. Supported by a sharp decline in crude oil prices in the past few weeks, the oil marketing companies are now making a profit of 1.90 rupees a litre on sale of subsidised diesel. Shares of major exploration companies are expected to recover this week after they took a beating last week. Shares of Reliance Industries, Oil and Natural Gas Corp Ltd and Oil India Ltd took a hit last week after the government decided to defer the decision on gas pricing till mid-November. The movement in stocks of the upstream companies will also be influenced by the movement in crude oil prices this week. The price of the Indian basket of crude remains low and still hovers around \$95 a barrel.

Pharma sector – Seen positive this week on good demand outlook

Shares of major pharmaceutical companies are seen trading positively this week, and even outperforming the broader markets, as demand outlook for their products is seen positive. The overall sentiment for the pharma sector is positive and investors have been parking funds here, as returns and stock values have been steadily growing. Market watchers see a strong upward momentum in favour pharma stocks in near term, as investors have preferred defensive approach that this sector offers, compared with high-beta sectors such as oil and gas, automobile, and real estate. Over the past week, investors preferred to stay defensive in their buying approach, going for shares of pharmaceutical companies at the expense of stocks from other sectors, even as overall trading volume in the broader markets remained weak.

Metal Sector – Seen tracking broader market on lack of triggers

Shares of metal companies are expected to track the broader market this week due to lack of any sector-specific triggers. Tata Steel's shares had fallen on news that the issue of the company's shut iron ore mines in Jharkhand were not addressed by the Jharkhand Cabinet in a recent meeting. Tata Steel is expected to trade with a negative bias this week. Jindal Steel and Power is likely to trade negatively this week. JSW Steel and NMDC are seen trading in a range.

Telecom Sector – Seen trading in narrow range

Stocks of major telecommunication service providers are seen trading in a narrow range this week as there are no stock or industry specific triggers on the horizon. Shares of Bharti Airtel and Idea Cellular are seen trading with a positive bias this week, while those of Reliance Communications are likely to continue trading with a negative bias. Telecom stocks have been trading in line with broader markets over the past few weeks and this is likely to remain so this week also. There are no stock or industry triggers on the horizon, which is seen leading to this movement trend. Telecom companies' ability to service debt, especially in a highly competitive market like India, is under question from investors. Over the past week, the broader markets have remained more or less flat, and so have counters of some key telecom companies.

Market Range for Week 7800- 8150

Nifty	Values	
Support 1	7920	Resistance – Nifty facing Resistance level @8050 level above this level it may go up to @8120 & @ 8150 level.
Support 2	7850	
Support 3	7800	
Resistance 1	8050	Support - Support comes for market @7920 level for Nifty; below this level Nifty next support @7850 and @7800 will be the major support for market.
Resistance 2	8120	
Resistance 3	8150	



Technical – Last week Nifty opened at 7978 & it made a high of 8030. Last week we have seen some consolidation. Nifty made a low of 7923 & closed at 7945. Last week Nifty drags 107 points from its high & on weekly basis it closed at 23 points lower. Sensex made a weekly high of 26851 & a low of 26481 almost it drags 370 points in the week from its high. So overall last week we have seen some pressure from higher levels.

For the coming week the market range we expect 7800-8150

Weekly Chart View -

Last week we had expected market range (7800-8150) market made a high of 8030 & low of 7923, so overall it holds our both side range.

In last week report we had mentioned on daily chart Nifty was near to 50day moving avg. On weekly chart it was near to lower line channel, because of that we had mentioned 7920-7880 will be major support & all we have seen Nifty hold that levels. Now on daily chart we can see series of narrow range body formation. On weekly chart also we can see narrow range body formation. So overall from here remain 7920-7880 will be major support any close below that we can see some more pressure in the market & 8140-8160 will be major resistance any close above that can see upside in the market.

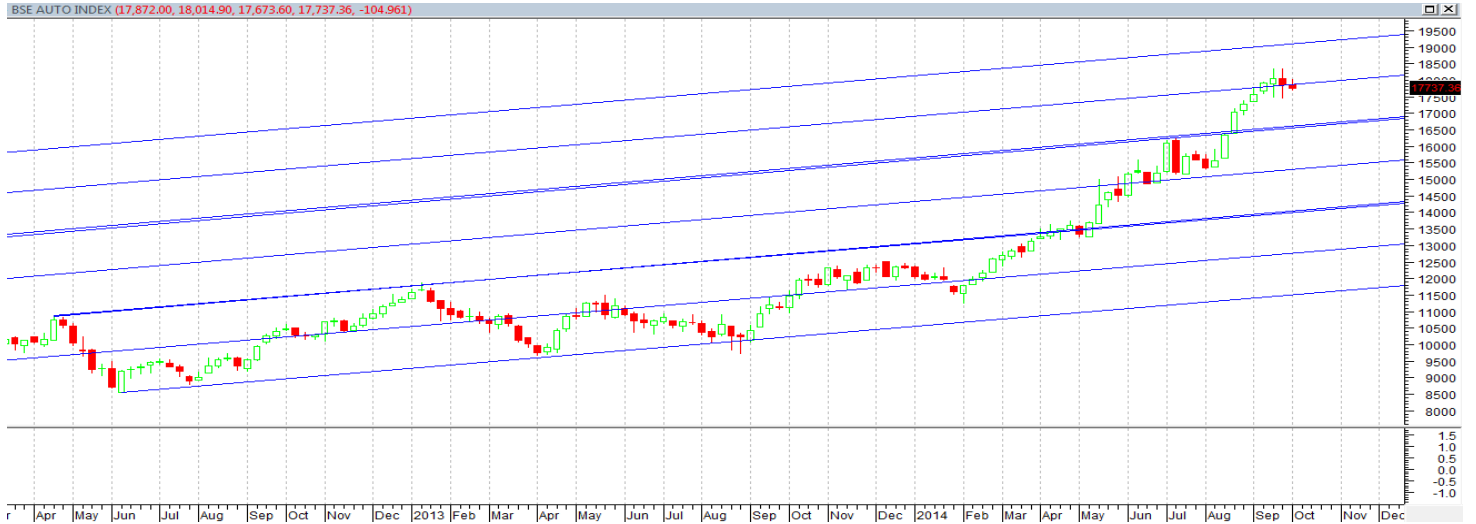
Weekly Chart





Weekly Sectoral Technical Outlook

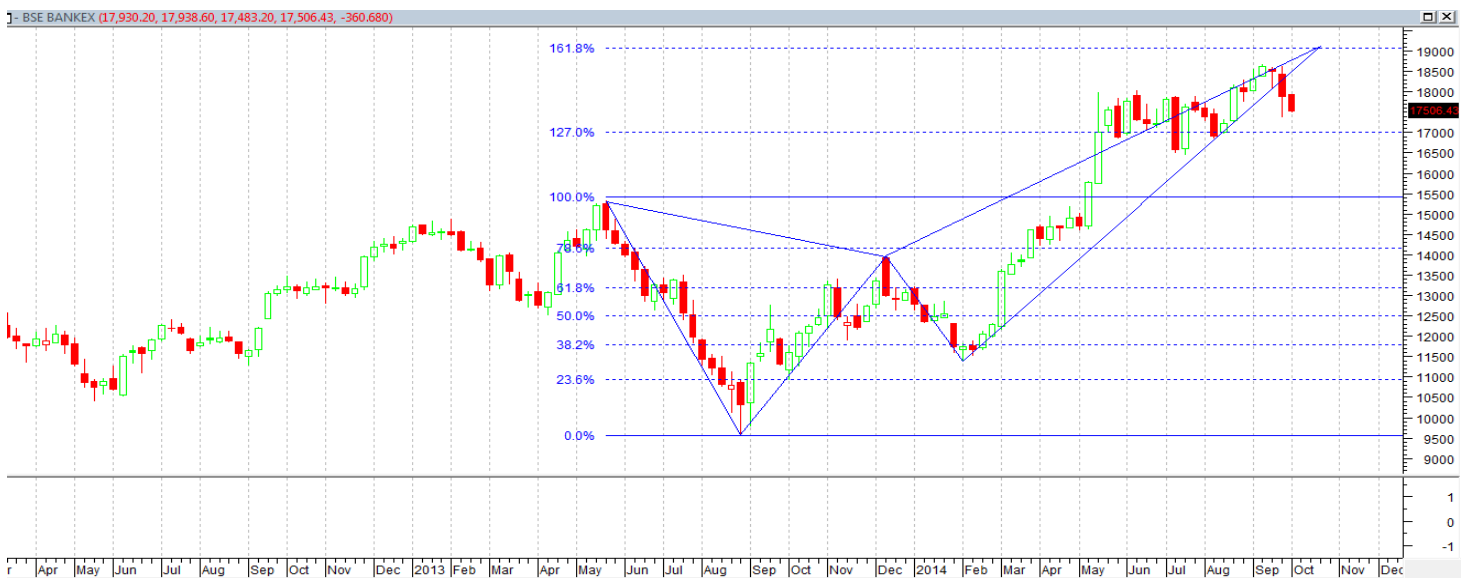
BSE Auto Index	CMP: 17719
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BSE Auto

At present on the weekly chart we are witnessing three consecutive spinning tops candlestick pattern. That gives a small clue that the up move is losing breath. At present there is proper risk to reward ratio to go long in this sector. Those still holding long in this sector can keep a stop loss of 17400. On the upside, if this sector trades above 18100 then it can test 18300 – 18500 levels.

BSE Bankex	CMP: 17538
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BSE Bankex

We maintain our earlier stance that this sector is showing sign of weakness. We advise to adopt cautious approach towards this sector. Since on the daily chart we are observing a bearish lower-top lower-bottom formation, we are of the opinion that, bounce /rally in this sector is likely to attract selling pressure.



BSE Metal Index

CMP: 11362



BSE Metal Index

We reiterate our view that there is no reversal pattern on the chart. Hence, we advised traders to avoid this sector at present and wait for prices to give a downward trendline breakout.

BSE IT

CMP: 10895



BSE IT

We maintain our positive stance on this sector and those holding longs can trial the stop loss to 10500 level. On the upside, if this sector trades above 10950 level then this sector is likely to test 11300 – 11500 levels.



Weekly Technicals of Key Companies –

Company	Closing 01-Oct-14	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1391.65	1411.75	1436.30	1480.95	1367.10	1342.55
AMBUJACEM	210.65	212.18	214.37	218.08	208.47	206.28
ASIANPAINT	631.70	631.20	640.00	648.30	622.90	614.10
AXISBANK	379.95	381.88	389.77	399.58	372.07	364.18
BAJAJ-AUTO	2336.10	2334.48	2372.97	2409.83	2297.62	2259.13
BANKBARODA	898.60	896.57	910.53	922.47	884.63	870.67
BHARTIARTL	403.20	403.92	408.23	413.27	398.88	394.57
BHEL	199.45	203.15	207.70	215.95	194.90	190.35
BPCL	652.85	649.52	668.08	683.32	634.28	615.72
CAIRN	303.75	306.93	310.67	317.58	300.02	296.28
CIPLA	624.30	621.53	634.17	644.03	611.67	599.03
COALINDIA	344.60	344.28	350.07	355.53	338.82	333.03
DLF	150.40	154.10	160.60	170.80	143.90	137.40
DRREDDY	3200.40	3224.10	3254.20	3308.00	3170.30	3140.20
GAIL	438.90	444.28	452.62	466.33	430.57	422.23
GRASIM	3493.85	3532.28	3588.42	3682.98	3437.72	3381.58
HCLTECH	1740.15	1732.02	1763.63	1787.12	1708.53	1676.92
HDFC	1050.35	1046.08	1067.17	1083.98	1029.27	1008.18
HDFCBANK	868.00	869.43	878.37	888.73	859.07	850.13
HEROMOTOCO	2874.95	2872.97	2928.73	2982.52	2819.18	2763.42
HINDALCO	155.25	156.97	161.28	167.32	150.93	146.62
HINDUNILVR	736.15	740.90	748.25	760.35	728.80	721.45
ICICIBANK	1428.85	1442.62	1466.23	1503.62	1405.23	1381.62
IDFC	136.25	138.10	141.10	145.95	133.25	130.25
INDUSINDBK	601.85	611.45	622.30	642.75	591.00	580.15
INFY	3847.30	3796.12	3911.13	3974.97	3732.28	3617.27
ITC	364.10	366.67	370.33	376.57	360.43	356.77
JINDALSTEL	170.80	174.13	183.17	195.53	161.77	152.73
KOTAKBANK	1011.65	1012.28	1028.57	1045.48	995.37	979.08
LT	1446.85	1463.02	1483.63	1520.42	1426.23	1405.62
LUPIN	1386.80	1388.73	1403.07	1419.33	1372.47	1358.13
M&M	1389.65	1378.87	1408.78	1427.92	1359.73	1329.82
MARUTI	2970.95	3004.67	3048.18	3125.42	2927.43	2883.92
MCDOWELL-N	2350.85	2376.30	2422.55	2494.25	2304.60	2258.35
NMDC	166.95	165.65	169.05	171.15	163.55	160.15
NTPC	139.05	138.95	140.50	141.95	137.50	135.95
ONGC	402.85	406.85	412.40	421.95	397.30	391.75
PNB	879.25	883.42	896.83	914.42	865.83	852.42
POWERGRID	135.95	136.72	139.33	142.72	133.33	130.72
RELIANCE	927.20	933.57	942.08	956.97	918.68	910.17
SBIN	2423.35	2437.85	2463.50	2503.65	2397.70	2372.05
SSLT	270.90	272.08	278.02	285.13	264.97	259.03
SUNPHARMA	860.80	844.73	881.47	902.13	824.07	787.33
TATAMOTORS	502.75	505.87	512.48	522.22	496.13	489.52
TATAPOWER	80.80	82.07	83.83	86.87	79.03	77.27
TATASTEEL	448.80	458.20	470.90	493.00	436.10	423.40
TCS	2775.60	2750.97	2826.63	2877.67	2699.93	2624.27
TECHM	2520.80	2505.67	2555.63	2590.47	2470.83	2420.87
ULTRACEMCO	2648.75	2637.25	2671.50	2694.25	2614.50	2580.25
WIPRO	615.75	605.90	627.50	639.25	594.15	572.55

Source: Iris Software



Arihant Fundamental Desk: Stocks under our radar

Company and Sector	Current Price	EPS (Rs/share)			P/E (x)			ROE %			Dividend Yield %		
		FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E
Automobile													
M&M	1390	63.7	69.5	81.7	21.8	20.0	17.0	24.0	21.7	21.6	1.1	1.3	1.4
Maruti Suzuki	2971	92.1	115.2	159.6	32.3	25.8	18.6	14.1	15.3	16.5	0.3	0.3	0.3
Tata Motors	503	53.6	56.0	62.0	9.4	9.0	8.1	35.3	32.1	23.2	0.6	0.8	0.9
TVS Motors	229	5.4	7.4	11.5	42.4	30.9	19.9	19.6	22.6	31.2	0.5	0.6	0.7
Bajaj Auto	2336	112.1	113.8	142.8	20.8	20.5	16.4	37.0	32.2	35.2	2.1	2.6	2.8
Hero MotoCorp	2875	105.6	139.3	165.5	27.2	20.6	17.4	40.2	46.7	48.0	2.4	2.8	3.0
Banking													
BOB	899	106.4	137.3	187.5	8.4	6.5	4.8	13.4	15.3	18.1	2.4	2.8	3.3
Federal Bank	124	9.8	10.5	11.6	12.6	11.8	10.7	12.6	12.3	12.4	1.6	1.8	2.0
Yes Bank	557	36.5	45.9	43.7	15.3	12.1	12.7	23.7	23.2	22.2	1.4	1.8	2.0
Indusind Bank	602	26.9	34.2	45.3	22.4	17.6	13.3	17.6	19.1	21.2	0.6	0.6	0.6
Bank of Mah	42	4.6	6.4	7.8	9.2	6.6	5.4	7.4	9.8	11.2	2.4	2.4	2.4
DCB	82	6.1	6.3	6.7	13.6	13.0	12.2	14.1	12.8	12.0	0.0	0.0	0.0
Andhra Bank	65	7.7	8.6	15.3	8.5	7.6	4.2	5.1	5.8	10.4	1.7	3.1	4.6
HDFC Bank	868	28.3	35.3	45.7	30.7	24.6	19.0	20.0	21.0	22.0	0.8	0.8	0.9
Cement													
Ultratech Cement	2649	80.0	103.0	140.0	33.1	25.7	18.6	13.0	15.0	18.0	0.3	0.3	0.3
ACC	1392	58.0	65.0	78.0	24.0	21.4	17.8	14.0	14.9	16.6	1.4	1.4	1.4
Ambuja Cement	211	8.4	9.2	13.7	25.3	23.2	15.5	13.6	13.9	18.4	1.7	1.8	2.0
JK Cement	548	13.9	17.0	30.1	39.4	32.2	15.6	5.5	6.4	10.3	1.3	1.3	1.3
IT													
Infosys	3847	186.4	203.8	224.1	20.6	18.9	17.2	26.1	24.5	23.9	1.1	1.3	1.4
TCS	2776	97.6	113.0	127.8	28.4	24.6	21.7	52.1	47.7	44.5	1.2	2.0	1.6
Metal													
SAIL	71	6.4	5.0	12.4	11.2	14.3	5.8	6.9	4.7	10.6	2.8	2.8	2.8
Tata Steel	449	35.2	43.5	53.7	12.8	10.3	8.4	8.4	9.2	10.4	1.8	2.2	2.7
JSW Steel	1176	66.0	123.0	131.0	17.8	9.6	9.0	2.0	12.0	12.0	0.9	0.9	0.9
Hindustan Zinc	160	16.3	16.8	18.3	9.8	9.5	8.7	18.5	18.0	21.0	2.2	2.5	2.8
Hindalco	155	10.9	13.5	16.1	14.2	11.5	9.6	4.5	3.5	7.6	0.8	0.8	1.0

Note: Bank's Book values are as per Bloomberg estimates

Rating scale	
BUY	>20%
ACCUMULATE	12-20%
HOLD	5-12%
NEUTRAL	0-5%
REDUCE	< 0%

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