

Key developments during the week

- India's Nikkei Services PMI fell to 50.1 in Nov vs 53.2 in Oct
- India's Nikkei Manufacturing PMI fell to 50.3 in Nov vs 50.7 in Oct
- RBI kept repo rate unchanged at 6.75%; CRR unchanged at 4%
- India Jul-Sep GDP growth rose to 7.4% from 7% QoQ
- India Apr-Oct fiscal gap 74% of 5.556 trln-rupees FY16 aim
- India Oct core industries' growth at 3.2% unchanged MoM
- European Central Bank cut its deposit rate by 10 basis points to (-)0.30%
- Chief economic adviser says favour GST standard rate between 17% and 18%
- Jaitley says Govt incentivising private sector in a big way
- Jaitley says big part of govt revenue to go into social security plans
- PM Modi says need to corporatise some ailing PSUs
- Fertiliser minister says sought Cabinet approval for national chemical policy
- Trade secretary says to look at more comprehensive policy on steel imports
- Moody's says India investment levels showing early signs of recovery
- Finance minister source says govt to table mid-year economic review on Dec 18
- ISMA says India Oct-Nov sugar output 2.36 mln tn vs 1.90 mln tn YoY
- Govt gives 10.62 bln rupees to 13 states to develop urban infra

INDEX	04-Dec-15	27-Nov-15	Change (in %)
NIFTY	7781.90	7942.70	-2.02
SENSEX	25638.11	26128.20	-1.88
NSE 500	6584.90	6686.90	-1.53
NSE MIDCAP	3356.00	3386.70	-0.91
NIFTY JUNIOR	19540.00	19681.95	-0.72
BSE SMALLCAP	11557.52	11545.84	0.10
BSE 200	3311.88	3364.91	-1.58

INDEX	04-Dec-15	27-Nov-15	Change (in %)
BSE AUTO	18480.13	18879.72	-2.12
BSE BANK	19325.36	19857.73	-2.68
BSE CAPITAL GOODS	14332.56	14535.17	-1.39
BSE CD	12112.48	12338.02	-1.83
BSE FMCG	7837.69	7962.08	-1.56
BSE HEALTHCARE	16506.02	16366.18	0.85
BSE IT	10694.50	10834.23	-1.29
BSE METALS	7280.08	7143.43	1.91
BSE OIL AND GAS	9303.28	9324.61	-0.23
BSE PSU	6773.13	6876.90	-1.51
BSE REALTY	1335.65	1331.00	0.35
BSE TECK	5810.54	5908.65	-1.66

INDEX	04-Dec-15	27-Nov-15	Change (in %)
DOW JONES	17847.63	17798.49	0.28
HANG SENG	22235.89	22068.32	0.76
NIKKEI	19504.48	19883.94	-1.91
FTSE	6238.29	6375.15	-2.15

Domestic events week ahead

- Dec 08-11:** Automobile sales data for November, by SIAM
- Dec 09-11:** FDI inflow in October, by RBI
- Dec 10-15:** Balance of payments for Jul-Sep, by RBI
- Dec 11:** Index of Industrial Production for October, by CSO

Source: Cogencies

Global events week ahead

- Dec 07:** German Industrial Production, Eurogroup Meetings
- Dec 08:** Japan Current Account, Japan GDP, China Trade Balance, BOJ Gov Kuroda Speaks, UK Manufacturing Production, Europe GDP, ECOFIN Meetings, US JOLTS Job Openings
- Dec 09:** China CPI and PPI, German Trade Balance, US Crude Oil Inventories
- Dec 10:** Japan PPI, UK Trade Balance, UK Monetary Policy, US Unemployment Claims, German Buba President Weidmann Speaks, US Federal Budget Balance
- Dec 11:** German Final CPI, US Core Retail Sales and Retail Sales, US PPI and Core PPI, US Prelim UoM Consumer Sentiment
- Dec 12:** China Industrial Production, China Retail Sales



Weekly Sector Outlook and Stock Picks

Auto Sector – Down this week on profit booking; SIAM data eyed

Shares of major automobile companies are seen trading weak in the short term with traders booking profit this week. The long term view for the sector, however, is strong. The automobile sector has witnessed some turnaround in the past few months with passenger vehicles, and medium and heavy commercial vehicles leading the rally. In November, three of the country's four biggest passenger car companies reported double digit sales growth, and both Tata Motors and Ashok Leyland's M&HCV segment sales grew over 20%. Besides this, some stocks will most likely see a 10% deviation from the current levels due to the lack of specific cues in the first half of the week. In the second half, the market is expected to take cues from the monthly data that will be released by the Society of Indian Automobile Manufacturers. SIAM is likely to release its data on Thursday.

Bank Sector – Seen negative this week on likely US rate hike worries

Bank stocks are likely to trade with a downward bias tracking the broad market trend, which is seen negative on worries of a hike in interest rates hike by the US Federal Reserve later this month. The sector stocks ended down this week, with the Nifty Bank falling nearly 3%, on concerns over net interest margins due to the new formula for computing Base Rate based on marginal cost of funds. RBI Governor Raghuram Rajan had said that norms for lending rates linked to marginal cost of funding will be issued this week. The guidelines are yet to be issued. While RBI has been nudging banks to shift to the new methodology for Base Rate calculation for transmission of its policy rates, bankers have expressed concern that it will lead to an impact on net interest margins and profits. State Bank of India Chairman Arundhati Bhattacharya had said the draft norms suggested by the RBI may not work in India. Investor focus will also be on the release of the full report on the GST rate on Dec 7. A panel led by Chief Economic Advisor Arvind Subramanian submitted its report to Finance Minister Arun Jaitley and suggested GST revenue neutral rate of 15-15.5%.

Capital Goods Sector – Seen in range with positive bias

Shares of most large cap capital goods companies, with the exception of BHEL, are seen trading in range with a positive bias on the back of value buying as most stocks are close to their major support levels. Due to its diversified operating area and its consolidated order book of 2.44 trln rupees, L&T is a preferred pick for many long-term investors. Siemens is also likely to gain this week as the company's exposure to railway and transmission infrastructure sector makes it a safe bet in the sector. Government spending is seen picking up in power transmission sector, with the implementation of the Ujwal Discom Assurance Yojana, which will revive the struggling state electricity boards, and plans to float tenders for orders worth 120 bln rupees. Shares of state-owned BHEL are seen extending losses this week owing to the negative sentiment around the stock given the company's weak order book and subdued investment in new power projects BHEL's mainstay.

Cement Sector – Seen in range with negative bias; demand weak

Shares of cement manufacturing companies are seen trading in a narrow band with a negative bias this week due to weak demand for the building material. With rains pounding large swathes of southern India, demand from the region for the time being is seen tepid at the best and would thus weigh on company stocks. Markets participants also feel stock valuations in the cement sector are a tad high and would continue to weigh on the sector. They expect construction activity to pick up January-onwards.

FMCG Sector – Onset of late winter to keep prices range bound

Shares of fast-moving consumer goods companies are expected to trade sideways with a negative bias, as late onset of winter is seen impacting the sales of seasonal products such as cold creams, lotions and health supplements. Demand has been a major concern for FMCG companies in the last few quarters rural demand has taken a hit, but urban demand has seen a slight improvement which has provided for some relief. Volume growth has remained stagnant and this trend is expected to continue going ahead. Raw material prices are higher on a yearly basis; however, they continue to remain steady m-o-m, auguring well for FMCG companies. Hindustan Unilever and Colgate Palmolive are expected to see positive movement this week. Dabur India is likely to see profit booking this week, and ITC is expected to trade weak and continue its downward movement. The likely passage of goods and services tax bill in the ongoing winter session of Parliament is also expected to provide some support to FMCG stocks.

**IT Sector – Stock-specific movement seen; TCS a worry**

The movement in the information technology sector is expected to be stock-specific this week. Shares of sector major TCS is likely to trade with a negative bias. TCS shares had hit a 52-week low of 2,321.10 rupees due to concern about the company's Oct-Dec earnings. Post its Jul-Sep earnings, the company had said it is expected to face seasonal headwinds due to higher furloughs in Oct-Dec. Adding to its woes, the company, like its peers, had to keep its offices in Chennai shut due to floods. Most of the companies had transferred projects being completed out of the Chennai office to other branches. With weak domestic market sentiment, market participants are seen investing in some defensive stocks in IT sector. Tech Mahindra and Wipro are likely to see positive triggers from the depreciating rupee as both companies are seen having a favourable hedging policy in place. The Indian currency is seen trading weak against the dollar as the US unit has strengthened following a strong US employment data, signaling a rate cut by US Federal Reserve in its upcoming policy expected later this month.

Oil Sector – Upstream companies may open down as crude slips further

Shares of ONGC and Oil India may open lower this week due to likely weakness in crude oil prices, after reports said that the Organization of the Petroleum Exporting Countries has decided to not cut output. Media reports said that OPEC has decided to maintain its output levels notwithstanding the glut. Following the reports, the US crude oil fell below \$40 per barrel on the NYMEX. While weakness in crude oil prices is mostly factored in in the current trading prices of ONGC and Oil India shares, an unlikely sharper drop could weigh. If oil prices bounce back and trade above \$40 a barrel, both ONGC and Oil India stocks may see an upside. Oil marketing companies are seen trading in a range with a positive bias. Market participants expect refining margins to improve as demand for products remains robust. Fall in oil prices will help further improve the refining margins. The likely weakness in the broad market, ahead of the US Federal Reserve's crucial monetary policy meeting later this month, may cap upside in shares of IOC, BPCL and HPCL.

Pharma Sector – Selloffs seen as market may book gains

Shares of pharmaceutical companies are seen losing value this week; the market is expected to book gains made on stocks of drug makers over the past few days. Pharmaceutical companies' shares had gained during the recent past on defensive buying after the broader market was down tracking subdued global markets. However, some stocks in the sector are expected to trade firmly this week on back of drug approvals in the US. These include India's largest drug maker Sun Pharmaceutical Industries and Ajanta Pharma. Optimism over US Food and Drug Administration's approval for the generic of Gleevec may drive Sun Pharmaceutical Industries. Another Mumbai-based drug maker Ajanta Pharma is expected to trade positively this week after it received approval for a drug in the US, and launched another. Ajanta Pharma was seen trading up; a lot depended on when the company launches the products it has received approvals for.

Metal Sector – Seen weak on falling commodity prices

Shares of major metals and mining companies are seen trading weak this week as commodity prices continue to fall. The inclusion of Yuan as a reserve currency by the International Monetary Fund will restrict the Chinese unit from depreciating further, and will help reduce metal exports from that country to a certain extent. Despite this development, however, the outlook for the sector is not looking very bright. JSW Steel has been performing really well and might be one of the best picks among the metal companies. Shares of NMDC and Vedanta are seen trading down this week. Domestic demand for steel has been weak, resulting in lower offtake, and realizations continue to remain under pressure due to continued cheap imports. News of the steel ministry considering a plan to extend the safeguard duty to more steel products helped steel producers' shares this week. The move, aimed at protecting the domestic industry from excessive dumping from China, may further aid steel companies' shares when a decision is announced.

Telecom Sector – Bharti Airtel, Idea to extend losses this week

Shares of major telecom companies are expected to trade weak this week. Reliance Communication is, however, likely to trade on a positive note, as we expect an uptick in the counter due to the announcement made by the Anil Ambani company to sell its tower assets. Reliance Communications has signed a non-binding agreement with US-based Tillman Global Holdings and global private equity major TPG Asia to sell its tower assets, a move that would help the company pare its debt. The country's largest telecom company Bharti Airtel Ltd, which ended in the negative zone, is likely to extend losses over the week. Idea cellular which is expected to launch its 4G services in Jan-Feb is not likely to lose out to competition in the medium term since Reliance Jio Infocomm Ltd's entry is still awaited and Bharti Airtel is yet to consolidate from the 4G service launch.



Market range for the week 7620- 7950

Nifty	Values
Support 1	7750
Support 2	7680
Support 3	7620
Resistance 1	7820
Resistance 2	7880
Resistance 3	7950

Resistance – Nifty may face resistance at 7820 level above this level it may go up to 7880-7950 level.

Support - Nifty has support at 7750 level below this next support at 7680-7620 levels.

Technical – During the week, CNX Nifty opened at 7936.25 and touched the highest level of 7979.30 and lowest level of 7775.70. The CNX Nifty ended at 7781.90; drag 160.80 points or -2.02%. The S&P BSE Sensex opened at 26142.53 and touched the highest level of 26256.42 and lowest level of 25623.70. The S&P BSE Sensex closed at 25638.11; drag 490.09 points or -1.88%.

For the coming week, we expect the market range of 7620-7950.

Weekly Chart View –

We had mentioned in last week's report that on the daily chart Nifty near to 50DMA and on weekly chart closed above 100WMA, because of that we had mentioned 7960-7980 will be major resistance above that we can see upside but Nifty fail to cross that level. Now on daily chart Nifty near to lower trendline support and on the weekly chart below 100WMA. So overall from here 7750-7720 will be major support below that we can see some pressure and 7880-7920 will be major resistance only above that we can see some upside move.

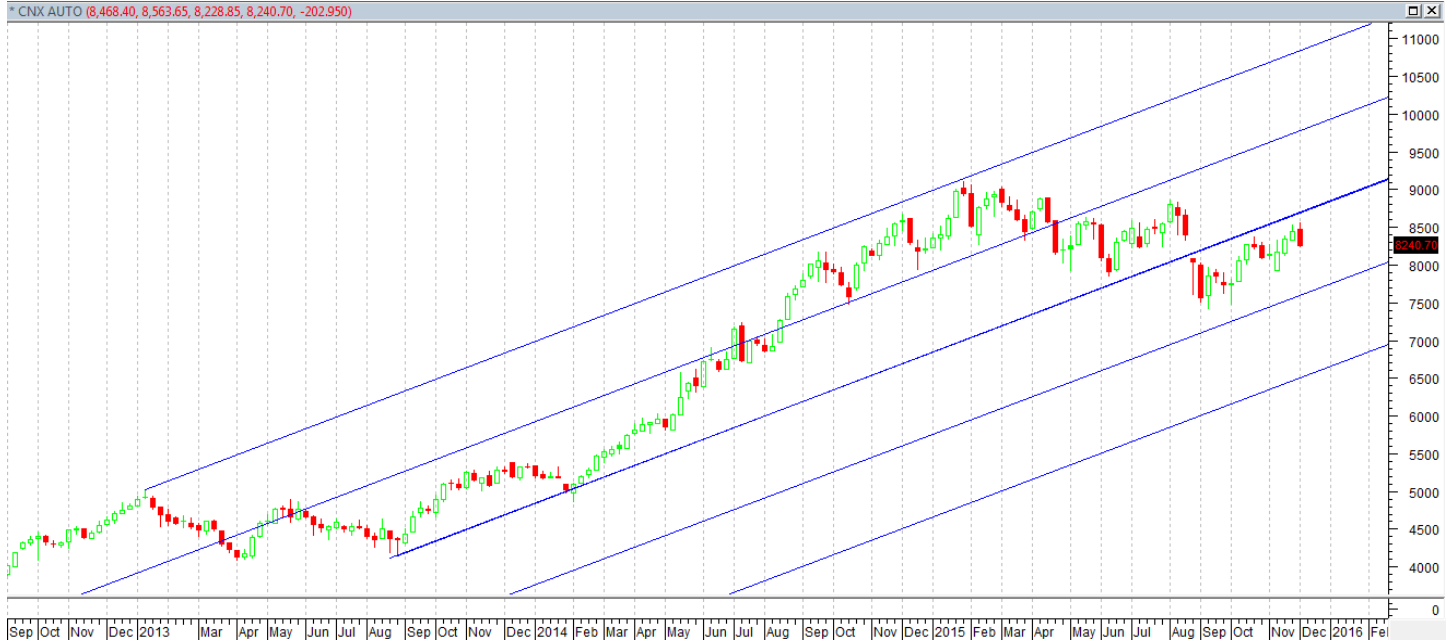
Weekly Chart



Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 8240



NSE Auto

At present we are observing a bear candle at the upper trendline of the first channel. On the downside if this sector trade below 8220 level then it is likely to test 8100 – 7800 levels. Hence one should avoid this sector.

NSE Bankex

CMP: 16897



NSE Bankex

The current bear candle suggests weakness. In coming week, if this sector trade below 16860 level then it is likely to test 16500 – 16000 levels. Hence, one should avoid this sector.



NSE Metal Index	CMP: 1776
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NSE Metal Index

We still maintain our bearish stance on the sector. It is in a strong downtrend and rallies are likely to attract selling pressure. Hence, one should avoid this sector at present.

NSE IT	CMP: 10969
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NSE IT

We maintain our stance that this sector is holding on to the demand zone (shown above in the graph). Aggressive traders can go long in this sector with a stop loss of 10795. On the upside it can test 11400 – 11600 levels.



Weekly Technicals of Key Companies –

Company	Closing 04-Dec-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1334.85	1346.77	1361.23	1387.62	1320.38	1305.92
ADANI PORTS	255.55	259.82	265.08	274.62	250.28	245.02
AMBUJACEM	195.05	197.77	201.03	207.02	191.78	188.52
ASIANPAINT	834.70	843.78	858.12	881.53	820.37	806.03
AXISBANK	460.50	463.67	471.23	481.97	452.93	445.37
BAJAJ-AUTO	2472.55	2471.30	2516.25	2559.95	2427.60	2382.65
BANKBARODA	166.90	171.65	177.75	188.60	160.80	154.70
BHARTIARTL	321.30	327.25	338.05	354.80	310.50	299.70
BHEL	168.35	170.95	175.70	183.05	163.60	158.85
BOSCHLTD	18376.35	18584.53	18849.72	19323.08	18111.17	17845.98
BPCL	906.50	917.07	936.33	966.17	887.23	867.97
CAIRN	139.35	138.00	143.00	146.65	134.35	129.35
CIPLA	645.80	648.73	658.47	671.13	636.07	626.33
COALINDIA	335.25	337.12	344.68	354.12	327.68	320.12
DRREDDY	3195.50	3187.52	3272.98	3350.47	3110.03	3024.57
GAIL	356.05	359.13	366.92	377.78	348.27	340.48
GRASIM	3719.55	3736.52	3768.03	3816.52	3688.03	3656.52
HCLTECH	836.00	850.95	870.75	905.50	816.20	796.40
HDFC	1171.60	1191.47	1213.43	1255.27	1149.63	1127.67
HDFCBANK	1058.90	1069.20	1082.40	1105.90	1045.70	1032.50
HEROMOTOCO	2617.80	2651.75	2700.35	2782.90	2569.20	2520.60
HINDALCO	79.05	79.10	81.60	84.15	76.55	74.05
HINDUNILVR	814.95	818.62	833.13	851.32	800.43	785.92
ICICIBANK	261.45	266.58	272.37	283.28	255.67	249.88
IDEA	138.70	140.30	143.60	148.50	135.40	132.10
INDUSINDBK	942.95	938.25	954.20	965.45	927.00	911.05
INFY	1049.05	1062.48	1084.87	1120.68	1026.67	1004.28
ITC	335.95	340.23	345.47	354.98	330.72	325.48
KOTAKBANK	664.65	674.45	687.90	711.15	651.20	637.75
LT	1339.85	1353.93	1369.87	1399.88	1323.92	1307.98
LUPIN	1804.75	1822.25	1861.50	1918.25	1765.50	1726.25
M&M	1315.30	1336.35	1360.45	1405.60	1291.20	1267.10
MARUTI	4600.35	4597.48	4702.87	4805.38	4494.97	4389.58
NTPC	130.40	131.77	133.53	136.67	128.63	126.87
ONGC	227.20	230.57	235.08	242.97	222.68	218.17
PNB	134.50	138.12	142.63	150.77	129.98	125.47
POWERGRID	130.75	133.07	135.68	140.62	128.13	125.52
RELIANCE	965.45	971.88	982.52	999.58	954.82	944.18
SBIN	241.10	244.05	250.05	259.00	235.10	229.10
SUNPHARMA	755.40	750.27	779.03	802.67	726.63	697.87
TATAMOTORS	399.95	409.42	420.13	440.32	389.23	378.52
TATAPOWER	64.20	65.40	66.80	69.40	62.80	61.40
TATASTEEL	240.25	238.32	247.83	255.42	230.73	221.22
TCS	2328.40	2346.92	2372.73	2417.07	2302.58	2276.77
TECHM	536.35	537.32	544.63	552.92	529.03	521.72
ULTRACEMCO	2867.10	2846.33	2916.57	2966.03	2796.87	2726.63
VEDL	91.50	92.45	95.45	99.40	88.50	85.50
WIPRO	569.30	572.98	583.77	598.23	558.52	547.73
YESBANK	740.00	750.18	761.82	783.63	728.37	716.73
ZEEL	395.65	402.85	411.70	427.75	386.80	377.95

Source: Iris Software

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