



Key developments during the week

- India Jan Nikkei manufacturing PMI rises to 51.1 vs 49.1 in Dec
- India Dec core industries' growth at 0.9% vs (-) 1.3% in Nov
- RBI rationalises Foreign Exchange Management Act regulations
- RBI kept repo rate unchanged at 6.75% and CRR at 4%
- RBI sees inflation near 5% end FY17; govt pay hike poses risk
- RBI sees India FY17 GVA growth up at 7.6% vs 7.4% FY16
- India Nikkei services PMI at 19-month high of 54.3 in Jan vs 53.6 in Dec, composite PMI at 53.3 in Jan vs 51.6 in Dec
- Bank of England maintains Bank Rate at 0.5%
- FY17 Union Budget to be presented on Feb 29, Railway Budget on Feb 25
- Jaitley says working to rationalise tax regime, GST passage "soon"
- Jayant Sinha says high pension burden can stress fiscal discipline aim
- Economy secretary says identified roads, rail projects for infra fund invest
- Cabinet approves setting up railways' JVs with state govt
- India signs bilateral advance pricing pacts with two arms of UK MNC
- Economy adviser says India macro economic situation sound, fiscal gap narrowing
- RBI Khan says looking to further liberalise, rationalise FDI regime

INDEX	05-Feb-16	29-Jan-16	Change (in %)
NIFTY	7489.10	7563.55	-0.98
SENSEX	24616.97	24870.69	-1.02
NSE 500	6270.50	6339.45	-1.09
NSE MIDCAP	3023.25	3093.25	-2.26
NIFTY JUNIOR	18269.55	18399.00	-0.70
BSE SMALLCAP	10569.53	10869.84	-2.76
BSE 200	3161.89	3191.12	-0.92

INDEX	05-Feb-16	29-Jan-16	Change (in %)
BSE AUTO	16827.97	17046.03	-1.28
BSE BANK	17173.34	17603.89	-2.45
BSE CAPITAL GOODS	12337.13	12368.05	-0.25
BSE CD	12242.97	12183.02	0.49
BSE FMCG	7544.21	7438.52	1.42
BSE HEALTHCARE	16039.89	16304.98	-1.63
BSE IT	11196.25	11165.05	0.28
BSE METALS	6898.53	6894.01	0.07
BSE OIL AND GAS	8898.09	9258.06	-3.89
BSE PSU	6044.18	6234.54	-3.05
BSE REALTY	1167.90	1208.95	-3.40
BSE TECK	5953.37	5928.25	0.42

INDEX	05-Feb-16	29-Jan-16	Change (in %)
DOW JONES	16204.97	16466.30	-1.59
HANG SENG	19288.17	19683.11	-2.01
NIKKEI	16819.59	17518.30	-3.99
FTSE	5848.06	6083.79	-3.87

Domestic events week ahead

- Feb 08:** GDP estimate for Oct-Dec, by CSO
- Feb 08-12:** Foreign tourist arrivals in January, by tourism ministry
- Feb 10-12:** FDI inflow for December, by RBI
- Feb 10-12:** Automobile sales for January, by SIAM
- Feb 10-19:** Freight traffic of major ports in Apr-Jan, by IPA
- Feb 11-15:** GSM mobile subscriber data for January, by COAI
- Feb 12:** Index of Industrial Production for December, by CSO
- Feb 12:** CPI Combined inflation for January, by CSO
- Feb 12-16:** Trade data for January, by commerce and industry ministry

Source: Cagencies

Global events week ahead

- Feb 08:** Japan Current Account
- Feb 09:** UK Trade Balance, US JOLTS Job Openings
- Feb 10:** Japan PPI, UK Manufacturing Production, UK Industrial Production, US Fed Chair Yellen Testifies, US Crude Oil Inventories, US Federal Budget Balance
- Feb 11:** Eurogroup Meetings, US Unemployment Claims, US Fed Chair Yellen Testifies
- Feb 12:** Europe GDP, Europe Industrial Production, ECOFIN Meetings, US Core Retail Sales, US Retail Sales, US Prelim UoM Consumer Sentiment, US FOMC Member Dudley Speaks



Weekly Sector Outlook and Stock Picks

Auto sector – Some recovery likely this week on sales data

Shares of major auto companies are seen trading with a positive bias this week on cues, including a good set of sales numbers when the Society of Indian Automobile Manufacturers announces its monthly data and earnings of Tata Motors and M&M. Shares of most major automobile companies, barring Maruti Suzuki, remained flat this week after trading weak for a couple of days. In the short-term the stock might look weak, but has bright long term prospects, backed by a strong sales pitch and new products. The company unveiled the Ignis hatchback and the Brezza sports utility vehicle at the Auto Expo. Tata Motors, which has been trading with a negative bias, would be a closely watched stock this week on account of its earnings, which are slated to be declared on Feb 11. Market estimates have pegged the company's topline at 733.14 bln rupees, up 6% on year.

Bank Sector – To take cues from Oct-Dec results, economic data

Bank stocks will take cues from Oct-Dec earnings and key economic data scheduled this week, adding that trading would be mainly stock-specific. Sector heavyweight such as State Bank of India and Punjab National Bank along with Union Bank of India, Bank of India, Central Bank of India and Oriental Bank of Commerce, among others, will report their Oct-Dec results this week. After the sharp selloff due to the on-going worries over NPAs, there has been some rebound mainly due to value buying. Public Sector Banks will be tracked to gauge further position on NPAs. The recovery was mainly led by private sector banks. Banks have reported sharp drop their profitability on jump in provisioning following the Reserve Bank of India's direction to reclassify certain accounts over two quarters starting Oct-Dec. The central bank has kept March 2017 as the deadline for banks to clean up their books. RBI Governor Raghuram Rajan said that banks have "fair span of time" to recognise stressed assets and ensure adequate provisioning to meet the central bank's deadline on dealing with stressed assets. This week, market participants will eye economic data for further cues. CPI based inflation data for January and industrial production data will be detailed on Friday.

Capital Goods Sector – L&T seen recovering, BHEL results eyed

Shares of capital goods companies are likely to trade mixed, with shares of Crompton Greaves and Cummins India seen extending losses while those of Larsen & Toubro and BHEL moving up. BHEL will detail its Oct-Dec earnings on Thursday and is seen reporting net profit of 991.8 mln rupees, down 53% on year. The power equipment maker's net sales are seen at 63.3 bln rupees, up 4% on year. However, the investors will be eyeing management commentary on 2015-16 order inflow. BHEL has emerged as the lowest bidder for projects worth 8,300 MW. Any guidance on the awarding of these orders as well as improvement in execution pace will be a positive for the company. Tata Group-owned air conditioner maker Voltas will also detail earnings on Thursday. The cooling solution maker is seen reporting Oct-Dec consolidated net profit of 604 mln rupees, down 44% on year and net sales of 10.52 bln rupees, up 12% on year.

Cement Sector – Seen rangebound; ACC, Ambuja earnings eyed

Shares of cement manufacturing companies are seen rangebound this week with a negative bias on persistently poor demand for the building material across large parts of the country, and weak Oct-Dec earnings. Investors are awaiting the Oct-Dec earnings of ACC and Ambuja Cements, scheduled for Wednesday, to take a more informed call on cement stocks. Thus far, cement companies' earnings have largely been below expectations, especially on the bottomline and operating margin front, as they cut prices in a bid to increase sales and maintain market share.

FMCG Sector – Seen in range with a positive bias; Nestle eyed

Shares of fast-moving consumer goods companies are seen trading in a range this week with a positive bias, tracking broader market trend. Among the key companies in the sector that will be in focus this week is Nestle India, which will detail its Oct-Dec earnings on Friday. Britannia Industries will detail its earnings on Tuesday. The company is expected to post a 47% rise in consolidated net profit to 2.0 bln rupees and a 10% rise in net sales to 22.1 bln rupees.

IT Sector – Seen positive; Tech Mahindra, Wipro stock weak

Shares of the majority of information technology companies are seen trading with a positive bias this week in the wake of decent performance by the sector and a weak rupee against the dollar. However, shares of Tech Mahindra Ltd and Wipro Ltd are likely to miss the upward momentum as these stocks are seen continuing their weak trend. During the



week, the National Association of Software and Services Companies predicted that the country's IT and business process management exports would hit \$119 bln-\$121 bln in 2016-17 (Apr-Mar), a growth of 10-12% from the current year ending Mar 31. The Indian currency, which ended at 67.64 against the dollar, is expected to depreciate further in this week. Investors are expected to invest cautiously in the sector and are likely to prefer largecap companies.

Oil Sector – PSU refiners seen firm; Oct-Dec earnings eyes

Shares of state-owned oil marketing companies are expected to be firm this week on expectations of sequentially-stronger earnings for the quarter ended December. All public sector oil and gas companies are scheduled to announce their earnings for the December quarter this week. Upstream stocks like ONGC and Oil India are likely to remain subdued, given the likelihood of a fall in bottomline due to the slump in prices of crude oil. Even as individual stocks are likely to react in line with their financial result, the trend will also be dictated by news flow, broad market sentiment, and global prices of crude oil. The three state-owned refiners IOC, BPCL and HPCL are likely to report strong numbers on quarter, on the back of relatively-better gross refining margin. The regional benchmark Singapore complex gross refining margin for Oct-Dec rose almost by a third on a sequential basis to \$8 a barrel, due to low crude prices and good product spreads, and is likely to reflect positively on the refiners' gross refining margins. Margins will also be helped by sequentially-lower inventory losses as the decline in oil prices in Oct-Dec was not as steep as in Jul-Sep. Prices of crude oil have made a slight recovery over the past couple of weeks, but unless there is a sustained improvement, upstream stocks are likely to remain under pressure. However, in the immediate term, the recovery may lend some positivity to these stocks. The movement in prices of crude oil will not just impact oil stocks, but also the broader market.

Pharma sector – Earnings to drive sector, Lupin seen positive

Earnings for the December quarter of major pharmaceutical companies are likely to decide the trend for the sector's stocks this week, with Lupin likely to maintaining its positive momentum after reporting a higher-than-expected result. Friday, the company's stock surged 9% to 1,802.85 rupees after the company reported a consolidated net profit of 5.30 rupees, topping estimates of 4.90 bln rupees. Its biggest market the US saw improvement in sales on account of price hike in Fortamet generic and improved pace of product approvals. Pharmaceutical companies reporting their earnings this week are Sun Pharmaceutical, Cipla, Dr Reddy's Lab, Aurobindo Pharma, Wockhardt and GSK Pharmaceuticals. Sun Pharmaceutical, is seen reporting an 18% decline in consolidated net profit at 11.71 bln rupees. The company will report its earnings on Feb 12. On Feb 10, Cipla is seen reporting a 23% rise in consolidated net profit at 4.04 bln rupees.

Metal Sector – Seen up as govt may levy floor price on steel import

Shares of major metals and mining companies are seen trading with a positive bias this week on the likely announcement of minimum import price a non-tariff trade barrier on steel products by the government to help the cash-strapped industry. According to sources, the Centre is likely to notify a minimum import price to be levied on all carbon products. The imposition of the floor price on select steel products would be yet another step by the government to curb rising imports from countries like China, South Korea, Japan, and Indonesia, particularly at a time when domestic demand is tepid. The steel companies continued to show disappointing results for the quarter ended December, with Tata Steel posting a consolidated net loss of 21.3 bln rupees for Oct-Dec. The safeguard duty has not been able to offset the decline in prices which has impacted the domestic producers and reduced their profitability. On Sep 14, the government had announced a safeguard duty of 20% on import of hot-rolled flat products of non-alloy and other alloy steel with a width of 600 mm or above for a period of 200 days. However, since steel prices have risen in the last one-month, some domestic companies can hope for a better quarter.

Telecom Sector – Idea, RComm seen trading low this week

Shares of major telecom companies, with the exception of Bharti Airtel, are seen trading weak in the absence of major triggers. Shares of Bharti Airtel may see a temporary bounce-back as Moody's Investors Service has maintained a 'stable' outlook on the company despite a 22.25% fall in the Oct-Dec consolidated net profit to 11.17 bln rupees. The company's bottomline was hit as depreciation and finance costs for its spectrum in India overshadowed the mild rise in revenues. Ratings agency Moody's Investors Service has maintained a 'stable' outlook on Bharti Airtel due to the company's strong cash generation at its Indian operations. During the week, a weak broad market pulled down shares of Idea Cellular over 4% to a 52-week low of 99.75 rupees. CARE Ltd is of the view that Idea Cellular has been able to hold on to its Average Revenue per User levels despite increase in competition. Average data revenue per user per month for a 3G subscriber fell by 6 rupees to 196 rupees even as data usage by the same user rose by 64MB to 866 MB.



Market range for the week 7320-7720

Nifty	Values
Support 1	7450
Support 2	7380
Support 3	7320
Resistance 1	7520
Resistance 2	7580
Resistance 3	7650

Resistance – Nifty may face resistance at 7520 level above this level it may go up to 7580-7650 level.

Support - Nifty has support at 7450 level below this next support at 7380-7320 levels.

Technical – During the week, CNX Nifty opened at 7589.50 and touched the highest level of 7600.45 and lowest level of 7350.30. The CNX Nifty ended at 7489.10; drag 74.45 points or -0.98%. The S&P BSE Sensex opened at 24982.22 and touched the highest level of 25002.32 and lowest level of 24187.54. The S&P BSE Sensex closed at 24616.97; drag 253.72 points or -1.02%.

For the coming week, we expect the market range of 7320-7720

Weekly Chart View –

On daily chart we can see momentum oscillator showing oversold and on weekly chart we can see “Hammer” candle. So according above pattern formation from here 7520-7530 will be major resistance above that we can see move up to 7650-7680 and downside 7420-7350 will be good support below 7320 we will see pressure in the the market.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 7495
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NSE Auto

At present we are witnessing a narrow range body formation with long lower shadow. This price action suggests no clear direction of trend. Hence, one should avoid this sector at present.

NSE Bankex	CMP: 15162
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NSE Bankex

The current price action has closed below the median line of the first channel. This gives small clue that selling in this sector is likely to continue. Hence one should avoid this sector.



NSE Metal Index

CMP: 1643



NSE Metal Index

We maintain our bearish stance on the sector. At present, we are observing a Bullish Hammer candlestick pattern. Hence, a pullback rally in downtrend cannot be ruled out. We maintain our stance that one should avoid this sector at present.

NSE IT

CMP: 11227



NSE IT

At present we are observing a Doji candlestick pattern. This gives small clue that prior up move is losing breath. Those gone long can trial the stop loss to 11000 levels. On the upside, if this sector trades above 11409 then it can test 11700 – 11950 levels.



Weekly Technicals of Key Companies –

Company	Closing 05-Feb-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1271.40	1265.90	1291.50	1311.60	1245.80	1220.20
ADANI PORTS	211.10	214.35	220.70	230.30	204.75	198.40
AMBUJACEM	195.50	196.18	201.27	207.03	190.42	185.33
ASIANPAINT	899.25	887.25	915.45	931.65	871.05	842.85
AXISBANK	399.55	394.42	415.48	431.42	378.48	357.42
BAJAJ-AUTO	2366.35	2352.12	2409.23	2452.12	2309.23	2252.12
BANKBARODA	126.95	123.77	131.23	135.52	119.48	112.02
BHARTIARTL	307.20	302.30	313.40	319.60	296.10	285.00
BHEL	132.80	134.93	142.67	152.53	125.07	117.33
BOSCHLTD	16089.10	16592.67	17285.33	18481.57	15396.43	14703.77
BPCL	843.00	853.48	882.77	922.53	813.72	784.43
CAIRN	127.40	122.70	132.65	137.90	117.45	107.50
CIPLA	570.15	572.08	604.12	638.08	538.12	506.08
COALINDIA	326.25	325.03	338.42	350.58	312.87	299.48
DRREDDY	3109.10	3072.37	3174.73	3240.37	3006.73	2904.37
GAIL	342.55	351.42	364.33	386.12	329.63	316.72
GRASIM	3463.15	3479.03	3554.07	3644.98	3388.12	3313.08
HCLTECH	869.65	869.47	890.08	910.52	849.03	828.42
HDFC	1182.95	1178.43	1198.47	1213.98	1162.92	1142.88
HDFCBANK	1055.25	1054.75	1067.50	1079.75	1042.50	1029.75
HEROMOTOCO	2584.75	2548.25	2625.50	2666.25	2507.50	2430.25
HINDALCO	71.25	69.92	73.53	75.82	67.63	64.02
HINDUNILVR	844.95	831.98	868.47	891.98	808.47	771.98
ICICIBANK	209.40	212.42	224.33	239.27	197.48	185.57
IDEA	101.40	102.47	105.78	110.17	98.08	94.77
INDUSINDBK	911.85	914.15	937.30	962.75	888.70	865.55
INFY	1174.70	1174.13	1195.52	1216.33	1153.32	1131.93
ITC	323.95	321.58	328.32	332.68	317.22	310.48
KOTAKBANK	692.00	683.67	705.63	719.27	670.03	648.07
LT	1139.90	1130.38	1168.47	1197.03	1101.82	1063.73
LUPIN	1802.85	1740.95	1878.90	1954.95	1664.90	1526.95
M&M	1219.50	1216.60	1244.20	1268.90	1191.90	1164.30
MARUTI	3723.40	3845.23	3997.17	4270.93	3571.47	3419.53
NTPC	124.80	130.98	137.97	151.13	117.82	110.83
ONGC	219.95	219.35	228.40	236.85	210.90	201.85
PNB	94.70	92.43	97.77	100.83	89.37	84.03
POWERGRID	145.25	145.68	149.92	154.58	141.02	136.78
RELIANCE	970.90	991.37	1021.33	1071.77	940.93	910.97
SBIN	168.20	170.12	180.03	191.87	158.28	148.37
SUNPHARMA	857.55	854.67	891.18	924.82	821.03	784.52
TATAMOTORS	337.10	332.95	348.85	360.60	321.20	305.30
TATAPOWER	60.25	59.25	62.00	63.75	57.50	54.75
TATASTEEL	233.85	234.93	253.87	273.88	214.92	195.98
TCS	2421.95	2406.98	2454.97	2487.98	2373.97	2325.98
TECHM	475.10	486.20	507.30	539.50	454.00	432.90
ULTRACEMCO	2842.75	2817.83	2885.47	2928.18	2775.12	2707.48
VEDL	73.90	69.55	78.75	83.60	64.70	55.50
WIPRO	557.90	561.83	569.97	582.03	549.77	541.63
YESBANK	777.05	770.18	795.87	814.68	751.37	725.68
ZEEL	409.00	408.10	423.50	438.00	393.60	378.20

Source: Iris Software

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