

Key developments during the week

- India Jan HSBC manufacturing PMI falls to 3-month low of 52.9 from 54.5 in Dec
- India Jan HSBC services PMI rises to 2-month high of 52.4 from 51.1 in Dec
- India Dec eight core industries' growth 2.4% vs 4% year ago
- RBI kept Repo rate, CRR unchanged; SLR cut by 50 bps
- Finance minister source says may cut gold import duty 200-400 bps in FY16 budget
- Mines minister says POSCO has to participate in mines auction for lease
- SC rejects govt's transfer plea in one-time telecom spectrum fee case
- Trade minister urges finance minister to relook MAT to incentivize manufacturing
- IT minister says got 200-bln-rupees proposals for Make in India plan
- Jaitley says govt trying to rationalise expenditure
- Finance ministry source says ONGC disinvestment unlikely in FY15
- Fitch sees rise in resets in Indian credit enhancement transactions
- Jayant Sinha says aim to put economy on non-inflationary growth path
- DoT says spectrum share, trade norm "not necessarily" before auction

INDEX	06-Feb-15	30-Jan-15	Change (in %)
NIFTY	8661.05	8808.90	-1.68
SENSEX	28717.91	29182.95	-1.59
NSE 500	7029.45	7166.70	-1.92
NSE MIDCAP	3335.60	3484.30	-4.27
NIFTY JUNIOR	19081.60	19546.45	-2.38
BSE SMALLCAP	11077.34	11329.26	-2.22
BSE 200	3571.07	3641.16	-1.92

INDEX	06-Feb-15	30-Jan-15	Change (in %)
BSE CD	10341.72	10655.36	-2.94
BSE OIL AND GAS	10087.33	10143.20	-0.55
BSE PSU	7956.98	8205.06	-3.02
BSE FMCG	8290.29	8275.45	0.18
BSE CAPITAL GOODS	16721.81	17095.72	-2.19
BSE AUTO	19051.97	19985.90	-4.67
BSE REALTY	1746.32	1811.36	-3.59
BSE BANK	21535.42	22715.52	-5.20
BSE TECH	6303.58	6136.48	2.72
BSE HEALTHCARE	15219.81	15666.51	-2.85
BSE IT	11623.84	11178.71	3.98
BSE METAL	10158.83	10190.20	-0.31

INDEX	06-Feb-15	30-Jan-15	Change (in %)
DOW JONES	17824.29	17164.95	3.84
HANG SENG	24679.39	24507.05	0.70
NIKKEI	17648.50	17674.39	-0.15
FTSE	6853.44	6749.40	1.54

Domestic events week ahead

- Feb 09:** GDP estimate for Oct-Dec, by CSO.
- Feb 09:** GDP advance estimate for 2014-15, by CSO.
- Feb 09-12:** Automobile sales data for January, by SIAM.
- Feb 09-12:** FDI equity inflow in December, by RBI.
- Feb 09-13:** Rail freight traffic for January, by rail ministry.
- Feb 12:** Index of Industrial Production for December, by CSO.
- Feb 12:** CPI for Combined, Rural, and Urban for January, by CSO.
- Feb 12-16:** Trade data for January, by commerce and industry ministry.
- Feb 12-20:** GSM mobile subscribers' data for January, by COAI.
- Feb 13:** WMA and forex reserves as on Feb 06, by RBI.

Source: NW18

Global events week ahead

- Feb 09:** Japan Current Account, Japan Consumer Confidence, German Trade Balance
- Feb 10:** China CPI y/y, China PPI y/y, French Industrial Production m/m, Italian Industrial Production m/m, UK Manufacturing Production m/m, UK Industrial Production m/m, US JOLTS Job Openings
- Feb 11:** US Crude Oil Inventories, US Federal Budget Balance
- Feb 12:** Japan Core Machinery Orders m/m, Japan PPI y/y, German Final CPI m/m, German WPI m/m, Europe Industrial Production m/m, BOE Gov Carney Speaks, BOE Inflation Report, US Core Retail Sales m/m, US Retail Sales m/m, US Unemployment Claims
- Feb 13:** French GDP q/q, German GDP q/q, French Prelim Non-Farm Payrolls q/q, Italian Prelim GDP q/q, Europe Flash GDP q/q, Europe Trade Balance, US Prelim UoM Consumer Sentiment, US Prelim UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto sector – Company earnings to dictate trajectory this week

The trajectory of automobile stocks will be decided by companies slated to report their Oct-Dec earnings this week. Component manufacturers Federal Mogul Goetze, JK Tyre and Industries, Asahi India Glass, Amtek Auto, and Motherson Sumi Systems will declare their Oct-Dec earnings this week. Original equipment manufacturers such as Escorts and Eicher Motors will also declare their earnings in the week to come. Shares of major automobile companies took a beating this week. The BSE Auto Index fell 4.7% this week against the 1.7% fall in broader indices. Tata Motors, the country's largest automobile manufacturer by revenue, disappointed the street with its earnings in Oct-Dec as its consolidated net profit declined 25.5% on-year to 35.8 bln rupees. Tata Motors' performance was marred by higher-than-expected losses in its India operations and muted performance of its arm Jaguar Land Rover. Despite the earnings, Tata Motors' shares gaining ground in the near term, largely due to Jaguar Land Rover.

Bank Sector – Bias negative this week; GDP data, SBI result key

Bank stocks are expected to continue trading with a negative bias this week tracking the broad market. Market participants will closely monitor macroeconomic data releases lined up this week before taking fresh positions in bank stocks. The country's largest lender, State Bank of India, will detail its Oct-Dec earnings on Feb 13. Other lenders such as Bank of India, United Bank of India, among others, are also scheduled to detail their results this week. Banks have been reporting weak earnings on account of asset quality deterioration and most of the remaining banks are expected to follow suit keeping bank stocks under pressure. This week, we will also have the first data set for CPI and GDP with the new calculation. Investors will carefully monitor the numbers before building fresh positions in banks. The Central Statistics Office will release India's GDP growth estimates for Oct-Dec and advance estimates for 2014-15 (Apr-Mar) on Feb 9. CSO last week introduced a new GDP series, which showed that the Indian economy grew more than earlier estimated. CSO will release CPI numbers with the revised methodology on Feb 10, which will also impact bank stocks.

Capital Goods Sector – Seen volatile; L&T, Voltas results eyed

Shares of capital goods is seen volatile this week after sector bellwether Larsen & Toubro details Oct-Dec earnings on Feb 9 and result of Delhi state election comes out on Feb 10. The week will also see release of key inflation and industrial output data, which may impact shares of this sector. L&T, which will detail earnings on Feb 9, is seen reporting standalone net profit of 12.93 bln rupees, up only 4% on year and net sales of 159.87 bln rupees, up 11% on year. Tata sons promoted Voltas will also detail its Oct-Dec earnings this week on Feb 11. The company is seen reporting a 3% on year fall in consolidated Oct-Dec net profit and 1% fall in revenues to 11.02 bln rupees. Apart from the earnings, the results of Delhi elections will be keenly eyed by market participants. While a win for Bharatiya Janata Party will be viewed positively by the market, an Aam Aadmi Party victory may push the overall market sentiment down.

Cement Sector – India Cements in focus on Oct-Dec results

India Cements Ltd's shares to be in focus this week as the company is set to detail its Oct-Dec earnings and mull reorganization of its de-merged Indian Premiere League Twenty20 franchise Chennai Super Kings. India Cements has completed required documentation for de-merging Chennai Super Kings to a wholly owned subsidiary. The company is estimated to post a net loss of 42 mln rupees in Oct-Dec against a net profit of 4 mln rupees a year ago. Net sales are seen at 10.93 mln rupees, up 5% on year. The company is scheduled to detail its earnings on Feb 11.

FMCG Sector – Positive; investors may shift to defensive shares

Shares of fast moving consumer goods companies are likely to trade with a positive bias this week as investors may switch to defensive stocks in the wake of choppy broader markets. Nifty and Sensex may be volatile this week as there are various data releases, outcome of Delhi Assembly elections on Feb 10, and developments in Greece. Investors may avoid high-beta counters in leveraged positions and prefer information technology and FMCG shares given that overall sentiment in markets has been weak. Market participants will eye data on India's gross domestic product, inflation, and manufacturing output due this week. Among the FMCG heavyweights ITC may continue its uptrend, and Hindustan Unilever may remain under pressure as valuations for the stock are expensive after the run up in January. Dabur India and Godrej Consumer Products are seen maintaining their uptrend, and most other stocks in the sector will trade rangebound. Godrej Consumer gained significantly on the back of strong results in the Oct-Dec quarter. Procter & Gamble



Hygiene and Gillette India will release their Oct-Dec earnings on Feb 12, which will be eyed by investors. Fundamentally, decline in raw material prices and optimism of rise in consumer demand are likely to support the FMCG companies in the medium-to-long term.

IT Sector – Seen rangebound this week

Shares of information technology companies are seen rangebound this week in the absence of any specific triggers. The earnings season for IT companies is largely over and any correction is unlikely. Tier-I information technology services companies broadly reported revenues in line with expectations for Oct-Dec barring the stellar performance by HCL Technologies, which beat estimates. HCL Technologies' revenue growth in dollar terms during the quarter rose by 12.8% on-year to \$1.5 bln. This week, Bengaluru-based Mphasis will announce its earnings and investors will watch for the management's outlook and comments on its Direct Channel and Digital Risk business. Investors will continue to watch movement of the rupee against the dollar, though only significant movement on either side will cause the IT stocks to move. Given the volatility in the market, traders should avoid high beta counters especially for the leveraged positions and prefer stocks from defensives such as IT.

Oil Sector – PSU companies seen muted this week ahead of earnings

Negative sentiment created by the cut in petrol and diesel prices despite a rise in international oil prices may continue to weigh on the shares of the state owned oil marketing companies, IOC, BPCL and HPCL, this week. The three companies announced a cut of 2.42 rupees per litre in retail price of petrol and 2.25 rupees per litre in price of diesel, ex-Delhi, and despite over 15% increase in oil price since the last revision in January. The move hit the positive sentiments generated in these stocks since diesel prices were deregulated which led to a sharp reduction in revenue losses. The move was seen as politically driven due to the assembly elections in Delhi. Also, it meant that the companies will have to bear a loss for the time fuel prices are revised again and the companies will not be compensated since the fuels are officially deregulated. Also, crude oil prices have continued their upward journey further increasing losses on these fuels. In a likely volatile broad market this week ahead of the results of Delhi assembly elections on Feb 10; shares of the three companies too may witness volatility while the bias will be negative. Also, all these companies are reporting their Oct-Dec earnings starting with BPCL on Feb 11. ONGC will also detail its Oct-Dec earnings this week.

Pharma sector – Muted trend to continue on profit booking

Shares of frontline drug makers would continue their downtrend this week on account of profit booking. There has been quite a bit of profit booking in pharma stocks on Friday. We are also expecting muted earnings numbers for pharmaceutical companies in the following week. The street will also be looking for Oct-Dec earnings of specific stocks including, Cipla Ltd, Sun Pharmaceuticals Ltd, Glenmark Pharmaceuticals Ltd, Natco Pharma Ltd and Ipca Laboratories Ltd. The muted trend would continue this week. We may also see some pressure on the BSE index.

Metal Sector – Seen rangebound; Tata Steel may fall

Shares of metal companies are seen rangebound this week in the absence of any specific triggers for international metal prices and muted results of most domestic players. Sentiment remains rangebound around steel counters, as demand and pricing conditions remain unfavorable. Tata Steel reported a muted set of numbers on Friday. Pressure from cheap imports, weak realizations and poor demand, mainly in India and South East Asia operations exacerbated by iron ore sourcing issues, dragged Tata Steel's bottomline down 69% year-on-year to 1.57 bln rupees. The company's earnings, however, were better than average estimates which had pegged a net profit of 82 mln rupees. Jindal Steel and Power posted Oct-Dec consolidated loss of 16.75 bln rupees due to a 30.89 bln rupee payment to the government, low steel demand, continued suspension of iron ore supplies from its major supplier and non-availability of coal for its 4X600 MW plant at Tamnar in Chhattisgarh.

Telecom Sector – Seen down on weak momentum, negative Nifty push

Shares of major telecom companies are seen negative this week primarily due to continued weak momentum in stocks and expected negative sentimentality in the broader market with opinion polls pointing towards an Aam Aadmi Party win in Delhi legislative elections. The sentiment will continue to remain negative if the Aam Aadmi Party wins. The Delhi elections will be held on Feb 7 and the results will be announced on Feb 10. Nifty is inherently seen negative and could be even weaker if AAP wins. This could also push down the telecom stocks further. Shares of market leader Bharti Airtel Ltd were seen negative but still outperforming its peers in the sector.



Market Range for Week 8450- 8900

Nifty	Values
Support 1	8620
Support 2	8550
Support 3	8480
Resistance 1	8750
Resistance 2	8850
Resistance 3	8900

Resistance – Nifty facing Resistance level @8750 level above this level it may go up to @8850 & @ 8900 level.

Support - Support comes for market @8620 level for Nifty; below this level Nifty next support @8550 and @8480 will be the major support for market.

Technical – Last week Nifty opened at 8802 & it made a high of 8840. Last week we have seen some profit booking from higher levels. Nifty made a low of 8645 & closed at 8661. Last week Nifty drags 195 points from its high & on weekly basis it closed at 147 points lower. Sensex made a weekly high of 29277 & a low of 28647 almost it drags 630 points in the week from its high. So overall last week we have seen profit booking.

For the coming week the market range we expect 8450-8900

Weekly Chart View –

Last week we had expected market range (8650-9080) market made a high of 8840 & low of 8645, so overall it holds our both side range.

In last week report we had mentioned on daily chart we witness “Bearish candle” & below 5DMA moving avg. On weekly chart Nifty fail to cross upper line of channel, because of that we had mentioned 8950-9000 will be major resistance & can see some pressure at higher levels & all we have seen same. Now on daily Nifty below lower trendline & below 20DMA moving avg. On the weekly chart, Nifty still facing resistance at upper line of channel & near to 5WMA moving average. So overall from here 8620-8600 will be major support below that we can see more pressure in the market & 8780-8800 will be major resistance only above that we can see some upside.

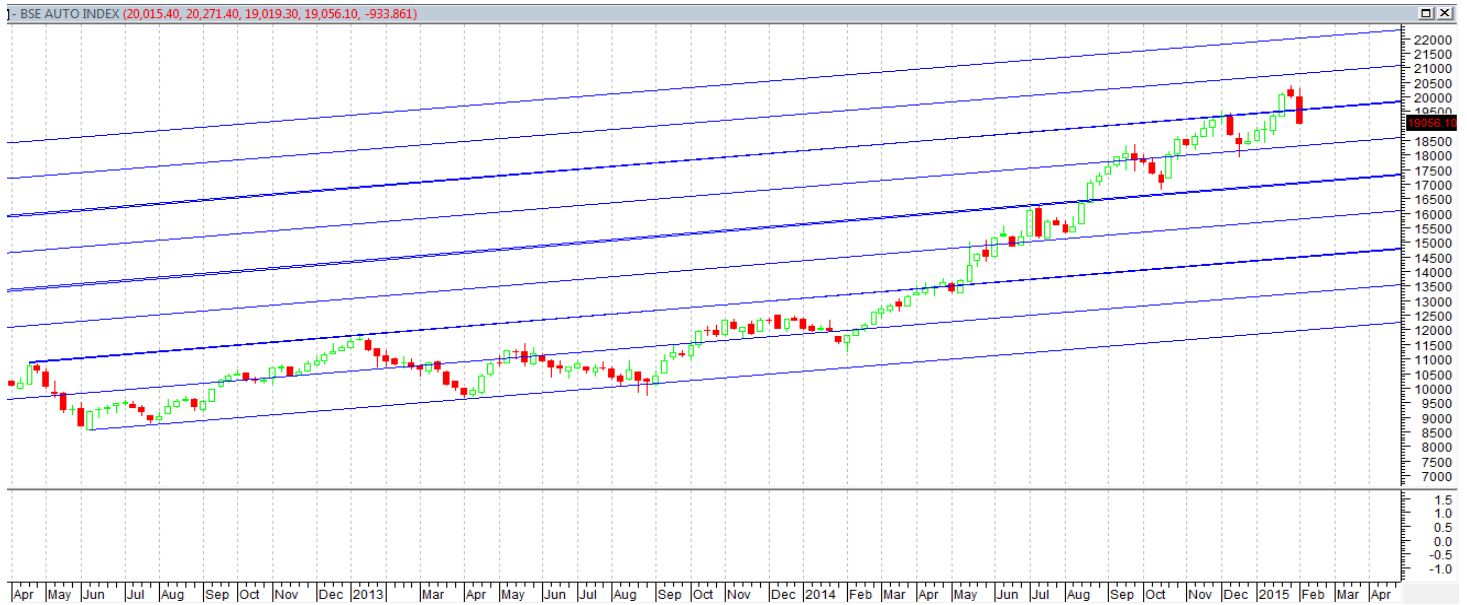
Weekly Chart





Weekly Sectoral Technical Outlook

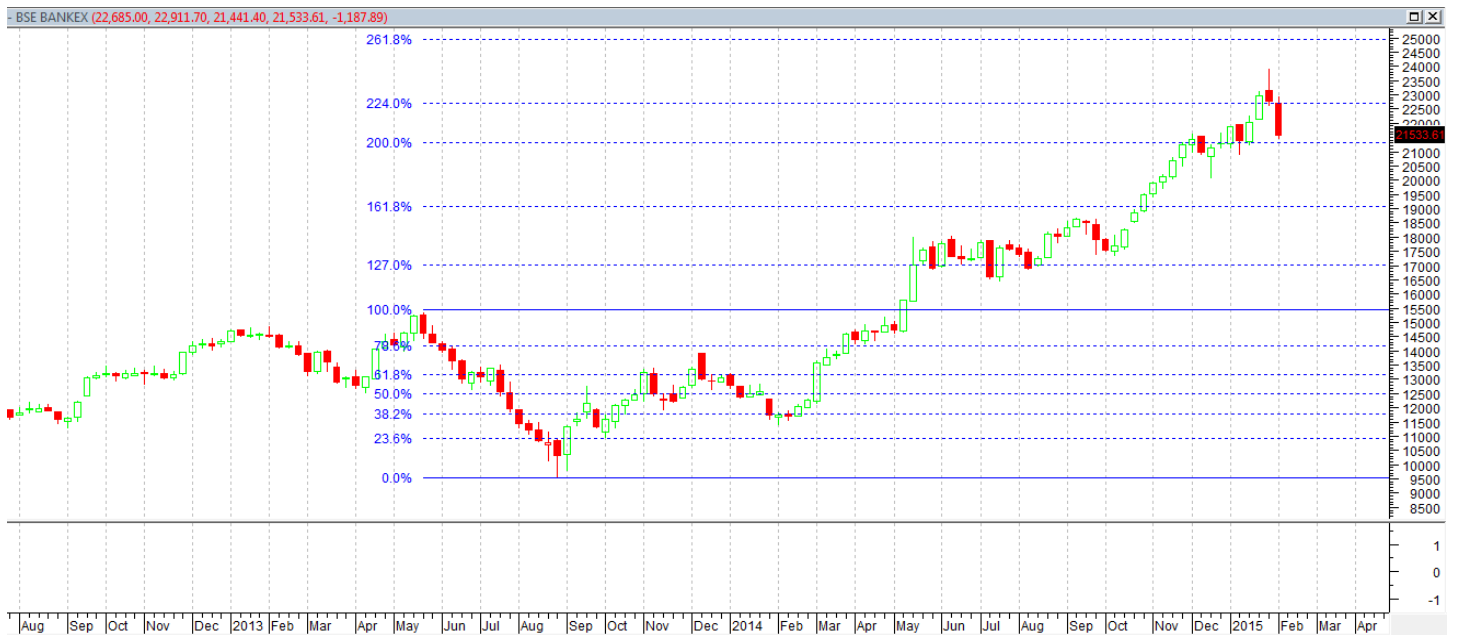
BSE Auto Index	CMP: 19051
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BSE Auto

At present we are observing a correction of previous up move which is in a higher top higher bottom formation. We maintain our previous stance that one should trail the stop loss to 19000. On the upside it can test 20400 - 21000 levels.

BSE Bankex	CMP: 21535
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BSE Bankex

At present we are observing a Bear candle which suggests some more downside. On the downside this sector has strong demand zone in the range of 21000 – 20850 level. Hence a bounce from the mentioned zone cannot be ruled out. At present one should avoid this sector and wait for positive reversal pattern to go long.



BSE Metal Index

CMP: 10158

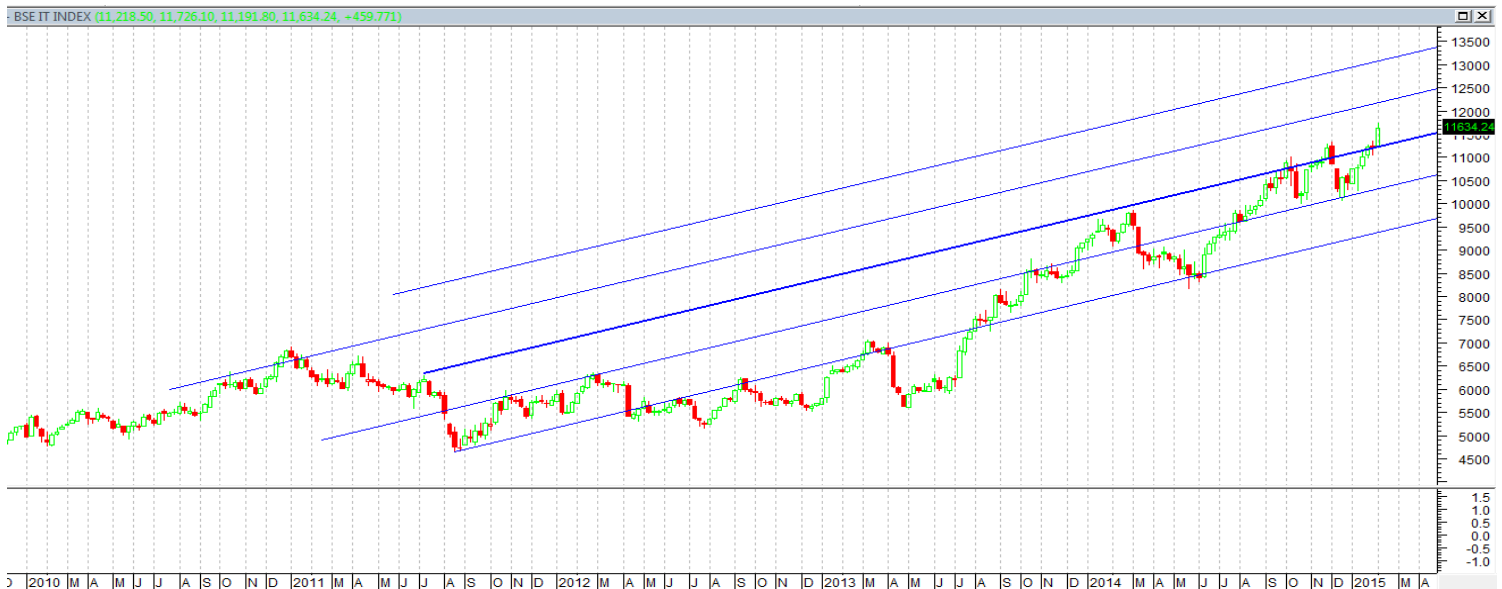


BSE Metal Index

We reiterate our view that prices are still trading in demand zone and those who have gone long should maintain a stop loss of 9790. On the upside it can test 10800- 11300 levels.

BSE IT

CMP: 11623



BSE IT

At present we are observing a strong bull candle which has closed above the lower trendline of the second channel. This suggests further upside momentum. Those who have gone long in this sector can trial the stop loss to 11191. On the upside it can test 12000 – 12500 levels.



Weekly Technicals of Key Companies –

Company	Closing 06-Feb-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1507.20	1519.72	1557.98	1608.77	1468.93	1430.67
AMBUJACEM	248.25	247.72	252.93	257.62	243.03	237.82
ASIANPAINT	797.65	812.52	836.23	874.82	773.93	750.22
AXISBANK	563.15	578.17	610.58	658.02	530.73	498.32
BAJAJ-AUTO	2223.30	2221.82	2422.73	2622.17	2022.38	1821.47
BANKBARODA	175.95	179.12	188.88	201.82	166.18	156.42
BHARTIARTL	368.25	367.35	378.20	388.15	357.40	346.55
BHEL	264.15	275.80	288.35	312.55	251.60	239.05
BPCL	730.95	740.00	763.75	796.55	707.20	683.45
CAIRN	254.10	248.50	263.50	272.90	239.10	224.10
CIPLA	655.05	669.07	692.48	729.92	631.63	608.22
COALINDIA	364.00	363.03	375.92	387.83	351.12	338.23
DLF	163.45	167.55	175.10	186.75	155.90	148.35
DRREDDY	3044.30	3086.10	3142.20	3240.10	2988.20	2932.10
GAIL	419.50	423.48	438.97	458.43	404.02	388.53
GRASIM	3805.00	3841.58	3900.82	3996.63	3745.77	3686.53
HCLTECH	1954.70	1916.58	2035.12	2115.53	1836.17	1717.63
HDFC	1280.55	1260.23	1312.32	1344.08	1228.47	1176.38
HDFCBANK	1053.50	1065.52	1080.98	1108.47	1038.03	1022.57
HEROMOTOCO	2776.30	2805.03	2860.07	2943.83	2721.27	2666.23
HINDALCO	147.30	146.90	154.30	161.30	139.90	132.50
HINDUNILVR	905.75	910.57	926.03	946.32	890.28	874.82
ICICIBANK	329.35	339.25	350.80	372.25	317.80	306.25
IDFC	165.80	170.00	175.00	184.20	160.80	155.80
INDUSINDBK	845.30	858.53	876.57	907.83	827.27	809.23
INFY	2230.50	2193.43	2284.87	2339.23	2139.07	2047.63
ITC	373.50	369.10	378.80	384.10	363.80	354.10
JINDALSTEL	142.05	147.45	154.90	167.75	134.60	127.15
KOTAKBANK	1266.90	1298.58	1334.32	1401.73	1231.17	1195.43
LT	1683.55	1698.82	1734.63	1785.72	1647.73	1611.92
LUPIN	1567.70	1566.90	1610.80	1653.90	1523.80	1479.90
M&M	1149.75	1192.57	1242.13	1334.52	1100.18	1050.62
MARUTI	3502.60	3572.53	3655.07	3807.53	3420.07	3337.53
NMDC	141.05	139.90	144.30	147.55	136.65	132.25
NTPC	140.00	141.03	143.77	147.53	137.27	134.53
ONGC	351.00	357.50	367.30	383.60	341.20	331.40
PNB	170.45	177.73	187.32	204.18	160.87	151.28
POWERGRID	143.45	144.82	148.03	152.62	140.23	137.02
RELIANCE	909.90	918.90	934.80	959.70	894.00	878.10
SBIN	290.30	296.00	306.30	322.30	280.00	269.70
SSLT	210.60	209.25	220.95	231.30	198.90	187.20
SUNPHARMA	926.85	937.28	955.52	984.18	908.62	890.38
TATAMOTORS	559.60	574.73	597.27	634.93	537.07	514.53
TATAPOWER	82.10	85.03	89.52	96.93	77.62	73.13
TATASTEEL	368.65	376.82	386.63	404.62	358.83	349.02
TCS	2575.75	2544.20	2626.35	2676.95	2493.60	2411.45
TECHM	2860.35	2898.52	2956.93	3053.52	2801.93	2743.52
ULTRACEMCO	3008.35	3063.78	3132.57	3256.78	2939.57	2870.78
WIPRO	643.25	635.65	662.30	681.35	616.60	589.95
ZEEL	361.55	365.67	372.18	382.82	355.03	348.52

Source: Iris Software

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