

**Key developments during the week**

- Road minister urges finance min to fund 117.7-bln-rupees Char-Dham project
- PM says India eyeing long-term pulses contract farming in Mozambique
- RBI board discusses constitution of policy committee, macro issues
- Farm minister sees good growth in agriculture sector this fiscal
- Govt allows duty-free sugar export against advance licences
- Maharashtra govt plans retail food hub for Pune, Mumbai
- PM expands Council of Ministers; Javadekar elevated to Cabinet rank
- Govt source says to announce new RBI governor after PM's Africa tour
- Govt says India well placed to deal with global economic uncertainty
- Cabinet approves interest subvention for short-term crop loan
- Cabinet approves deal for pulses import, contract farming in Mozambique
- Cabinet approves hike in foreign invest in Axis Bank to 74%
- India Nikkei services PMI falls to seven-month low of 50.3 in Jun from
- Govt says over 392 bln rupees deposited in Jan Dhan scheme accounts
- Moody's says Brexit may not sharply impact capital flows to India

INDEX	08-Jul-16	01-Jul-16	Change (in %)
NIFTY	8323.20	8328.50	-0.06
SENSEX	27126.90	27144.91	-0.07
NSE 500	7039.40	7027.85	0.16
NSE MIDCAP	3533.95	3538.35	-0.12
NIFTY JUNIOR	20999.25	20831.25	0.81
BSE SMALLCAP	11976.74	11885.43	0.77
BSE 200	3541.84	3538.66	0.09

INDEX	08-Jul-16	01-Jul-16	Change (in %)
BSE AUTO	19708.84	19782.31	-0.37
BSE BANK	20634.46	20618.61	0.08
BSE CAPITAL GOODS	15157.56	15186.53	-0.19
BSE CD	11974.04	12016.63	-0.35
BSE FMCG	8543.91	8608.95	-0.76
BSE HEALTHCARE	16039.84	15653.87	2.47
BSE IT	11000.49	11158.27	-1.41
BSE METALS	8649.31	8571.39	0.91
BSE OIL AND GAS	9956.99	9989.54	-0.33
BSE PSU	6864.06	6824.04	0.59
BSE REALTY	1565.90	1542.49	1.52
BSE TECK	5962.52	6059.21	-1.60

INDEX	08-Jul-16	01-Jul-16	Change (in %)
DOW JONES	18146.74	17949.37	1.10
HANG SENG	20564.17	20806.21	-1.16
NIKKEI	15106.98	15682.48	-3.67
FTSE	6590.64	6577.83	0.19

**Domestic events week ahead**

- **Jul 11-12:** Automobile sales for June, by SIAM
- **Jul 11-12:** Freight traffic of major ports in June, by IPA
- **Jul 11-15:** FDI inflow for May, by RBI
- **Jul 11-15:** Foreign tourist arrivals in June, by tourism ministry
- **Jul 12:** Index of Industrial Production for May, by CSO
- **Jul 12:** CPI Combined inflation for June, by CSO
- **Jul 12-15:** Rail freight traffic for June, by rail ministry
- **Jul 13-15:** Trade data for June, by commerce and industry ministry
- **Jul 14:** WPI inflation for June, by commerce and industry ministry
- **Jul 14:** Rainfall for week to Jul 13, by IMD

Source: Cogencies

**Global events week ahead**

- **Jul 11:** Eurogroup Meetings, US FOMC Member George Speaks
- **Jul 12:** Japan PPI, UK Inflation Report Hearings, US FOMC Member Bullard Speaks, US JOLTS Job Openings
- **Jul 13:** China Trade Balance, Japan Industrial Production, BOE Credit Conditions Survey, US Crude Oil Inventories, US Federal Budget Balance
- **Jul 14:** UK Monetary Policy, US PPI, US Core PPI, US Unemployment Claims
- **Jul 15:** China GDP, China IIP, Europe CPI & Core CPI, Europe Trade Balance, BOE Gov Carney Speaks, US CPI & Core CPI, US Retail Sales & Core Retail Sales, US IIP, US Prelim UoM Consumer Sentiment



## Weekly Sector Outlook and Stock Picks

### **Auto Sector – Bias positive on good monsoon; Sales data eyed**

Shares of major automobile companies are seen trading in a range with a positive bias aided by indications of an above-average monsoon this year. The market will also appraise June sales data, to be announced by the Society of Indian Automobile Manufacturers on Jul 11. Maruti Suzuki is viewed positively due to the strong fundamentals of an ever-popular product portfolio and strong order book driven by its Vitara Brezza and Baleno cars. Tata Motors, which has stayed well above the 450-rupee mark recently, will remain in the range, at least in the near-term, especially in the absence of company specific cues. Hero MotoCorp's stock could see swift trading this week.

### **Bank Sector – May move with positive bias this week; CPI eyed**

Shares of banks are seen trading with a positive bias this week, with market participants eyeing retail inflation data for June for cues on further monetary easing by the Reserve Bank of India. Having risen to a 21-month high of 5.76% in May, June's Consumer Price Index inflation figure, to be released on Jul 12, is keenly awaited as it would be the last inflation print before the central bank's third bi-monthly monetary policy statement on Aug 9. Apart from inflation data, this week also sees banks' Apr-Jun financial results starting in earnest. South Indian Bank announced its results for the first quarter of 2016-17 (Apr-Mar), although the numbers of some of the larger lenders will be more keenly eyed. Private sector bank IndusInd Bank will detail its earnings on Jul 11. Apr-Jun will be the first quarter after the impact of RBI's asset quality review, which saw banks' non-performing assets and provisions mounting, leading to cumulative losses of nearly 400 bln rupees over Oct-Mar for public sector banks.

### **Capital Goods Sector – Seen range-bound with a cautious tone**

This week, shares of capital goods companies are expected to trade in a range and on a cautious note, as announcement of corporate earnings for Apr-Jun begins, and in the absence of any other major trigger. All eyes will be on management commentary and the outlook on key issues, as companies start detailing their June quarter earnings in the second half of July. Not much upside is seen in the stocks of major capital goods companies this week. Sector bellwether Larsen & Toubro is seen positive in the near term, with news of subsidiary L&T Infotech's initial public offering on Jul 11 almost factored in by the market. The stock has surged in anticipation of value unlocking for the parent company from the proposed initial public offer. Shares of state-owned BHEL might see a downside, after JP Morgan said there was "high probability" that the company would see its order inflow fall in 2016-17.

### **Cement Sector – Seen rangebound on lean demand in monsoon**

Cement stocks are seen trading in a range this week as demand for the building material is likely to be subdued in the traditionally weak sales period of Jul-Sep, when rainfall affects construction activities. In the ongoing monsoon season, the country has so far received 232.4 mm rain, which is close to the normal weighted average of 233.5 mm. Shares of cement companies are mostly seen weak in the current quarter (Jul-Sep), but strong Apr-Jun earnings following price hikes in key pockets of north and south India are seen driving shares. Cement companies are likely to report higher earnings in Apr-Jun due to better pricing and moderate costs.

### **FMCG Sector – Seen in range with positive bias on lack of cues**

Shares of fast moving consumer goods companies are seen rangebound with a positive bias this week on lack of cues, and tracking the broad market. A pick-up in monsoon activity over the past few days has led to positive sentiment for FMCG stocks, due to which fundamental analysts expect rangebound movement as the same has already been factored in. Positive movement in the broader market on account of good rains, though, may give some boost to consumer stocks. Shares of Jubilant Foodworks and Westlife Development are expected to fall as the Government of Kerala has introduced a 'fat' tax of 14.5% on consumption of fast food items like pizzas and burgers sold through branded restaurants.

### **IT Sector – Infosys, TCS results to set trend later this week**

Stock-specific movement is expected in the shares of companies from the information technology sector in the first half of this week. Later in the week, the Apr-Jun earnings of Infosys and Tata Consultancy Services will set the trend for the sector. Infosys will detail its Apr-Jun earnings on Jul 15 while TCS will detail its earnings on Jul 14. The Indian currency is



expected to depreciate against the dollar this week on upbeat US jobs data. This is seen giving respite to the companies from the sectors which are major exporters to the US. Investors will look forward to management view of Infosys and TCS, who are yet to address growth concerns on way forward post 'Brexit' vote. The UK's decision to leave European Union is expected to impact the earnings of information technology companies. This gave rise to several growth concerns for these companies in Europe as this region contributes to 25-30% to the topline of major IT firms.

### **Oil Sector – PSU refiners seen range-bound with positive bias**

Shares of state-owned oil refining companies IOC, BPCL and HPCL are likely to remain range-bound, but with a strong positive bias this week, and may outperform the broad market. In the absence of any major sectoral trigger, the trend for downstream as well as upstream oil companies over the next few sessions will be directed by the movement in crude oil prices and the broad market sentiment. Encouraging US weekly petroleum data by US Energy Information Administration helped crude oil bounce back from its two-month low. According to the data, US crude oil inventories fell by 2.2 mln bbl to 524.4 mln bbl in the week ended Jul 1, while crude oil output in the US fell by 194,000 bpd to 8.428 mln bpd. Developments from the Nigerian oil and gas industry will also be closely monitored. The industry's woes continued with workers' strike and attacks by militants on oil infrastructure. For upstream players like ONGC and Oil India Ltd, a rise in crude oil prices will positively affect these companies as they produce and sell the commodity.

### **Pharma Sector – Bias positive as regulatory concerns ease**

Shares of pharmaceutical companies may continue to trade with a positive bias this week due to easing regulatory concerns, but some profit booking at higher levels is likely following the recent gains. The Nifty pharma index has surged 8.5% in two weeks. The recent series of news that manufacturing plants of a number of pharma companies have been cleared by the US Food and Drug Administration has given some optimism. Cadila Healthcare's Moraiya facility in Gujarat, which was issued a warning letter in December, has received an Establishment Inspection Report from the US FDA, indicating the closure of the inspection carried out by the regulator during Aug 28-Sep 5, 2014. The company, however, said that this establishment report does not indicate complete resolution of issues highlighted in the warning letter. Lupin shares could see some correction as its Dabhasa unit has received Form 483 from the US FDA with two observations. However, the downside is seen limited and overall outlook remains positive for Lupin as its Goa unit has received an Establishment Inspection Report from the US FDA for the inspection carried out in July 2015. Alembic Pharmaceuticals' Karakhadi unit has also got Establishment Inspection Report for the US FDA inspection done in April 2015. Wockhardt's Chikalhana plant, which is under US FDA's import alert, may also get clearance in the near future.

### **Metal Sector – Seen positive this week; Tata Steel eyed**

Shares of major metal and mining companies are seen trading higher this week, tracking prices of metals in the global markets, and on expectations that the Centre will impose certain measures to protect domestic steel and aluminium companies. Steel Secretary said that the steel ministry in its proposal to the Prime Minister's office has sought an extension of minimum import price on steel products beyond Aug 5. The government had on Feb 5 imposed the tariff measure on 173 steel item lines, in the range of \$341-\$752 per tn, for six months to curb cheaper imports from China, Japan, Korea, and some other countries. Mines Secretary said the ministry has asked aluminium makers to make representations, seeking to increase the import duty on primary aluminium products by another 250-500 basis points. The Union Budget 2016-17 had increased import duty on primary aluminium products by 2.5% to 7.5%. Shares of Tata Steel will be eyed this week as the company will reportedly hold a board meeting to decide on the sale of its UK business. According to a BBC report, the company may announce a halt on the sale of one of its units in its UK business.

### **Telecom Sector – Seen falling as DoT demand notice underway**

Stocks of telecom companies are seen under pressure this week, as the government is preparing to issue demand notice to six operators for non-payment of dues. A report by the Comptroller and Auditor General of India in March showed that telecom services providers Bharti Airtel, Idea Cellular, Reliance Communications, Vodafone India, Aircel, and Tata Teleservices collectively underreported 460 bln rupees of gross revenues in the four years from 2006-07 to 2009-10. The national auditor alleged that during these four years, the government incurred a loss of 125 bln rupees in license fee and spectrum usage charge collections. Subsequently, the telecommunications department ordered a special audit of telecom companies named in the Comptroller and Auditor General's report. The Department of Telecommunications said the report was "being vigorously examined and the process of issue of demands for the four financial years for six operators in 22 licence service areas in consonance with licence agreement is currently ongoing".



**Market range for the week 8150-8520**

Nifty	Values
Support 1	8280
Support 2	8220
Support 3	8150
Resistance 1	8380
Resistance 2	8440
Resistance 3	8520

**Resistance** – Nifty may face resistance at 8380 level above this level it may go up to 8440-8520 level.

**Support** - Nifty has support at 8280 level below this next support at 8220-8150 levels.

**Technical** – During the week, CNX Nifty opened at 8376.75 and touched the highest level of 8398.45 and lowest level of 8287.55. The CNX Nifty ended at 8323.20; drag 5.15 point or 0.06%. The S&P BSE Sensex opened at 27314.44 and touched the highest level of 27385.66 and lowest level of 27034.10. The S&P BSE Sensex closed at 27126.90; drag 18.01 points or 0.07%.

**For the coming week, we expect the market range of 8150-8520**

**Weekly Chart View –**

We had mentioned in last week’s report that we witnessed gap up candle on the daily chart and on weekly chart Bullish candle, because of that we had mentioned we can see 8180 to 8520 Nifty range and all we have seen trade between this ranges. Now on daily chart we can see series of Narrow range body formation and on weekly chart we can see “Doji candle”. So according above chart pattern some consolidation we can see and still we should use buying opportunity at lower level around 8150-8120.

**Weekly Chart**





### Weekly Sectoral Technical Outlook

<b>NSE Auto Index</b>	<b>CMP: 8870</b>
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**NSE Auto**

We maintain our earlier stance that aggressive traders gone long above 8933 should maintain the stop loss of 8550. On the upside it can test 9150 – 9400 levels.

<b>NSE Bankex</b>	<b>CMP: 18016</b>
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**NSE Bankex**

We reiterate our view that the price action is in a higher high formation. Hence, aggressive traders gone long, above 18075 can maintain the stop loss of 17950. On the upside it can test 18400 – 19000 levels.



**NSE Metal Index**

**CMP: 2223**



**NSE Metal Index**

We still maintain our stance that prices are holding to the lower trendline of the “Symmetrical Channel”. Aggressive traders gone long can trial the stop loss to 2150. On the upside, it can test 2300 - 2450 levels.

**NSE IT**

**CMP: 10946**



**NSE IT**

We maintain our stance that there is no clear positive pattern. Hence one should avoid this sector at present.



## Weekly Technicals of Key Companies –

Company	Closing 08-Jul-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1598	1598	1626	1654	1569	1541
ADANIPORTS	207	209	214	221	202	198
AMBUJACEM	258	257	262	266	253	248
ASIANPAINT	1011	1004	1024	1037	990	970
AUROPHARMA	779	769	792	805	756	734
AXISBANK	546	543	552	557	538	530
BAJAJ-AUTO	2605	2628	2666	2728	2566	2528
BANKBARODA	155	157	160	166	151	148
BHARTIARTL	355	361	370	384	347	338
BHEL	138	138	142	146	133	129
BOSCHLTD	22789	22588	23051	23313	22326	21863
BPCL	1115	1109	1129	1144	1095	1075
CIPLA	520	515	528	535	508	495
COALINDIA	312	316	322	332	306	300
DRREDDY	3561	3517	3616	3671	3462	3363
EICHERMOT	19452	19450	19650	19849	19251	19051
GAIL	376	384	394	412	366	356
GRASIM	4541	4577	4634	4727	4484	4427
HCLTECH	722	729	743	764	708	694
HDFC	1287	1278	1311	1334	1255	1222
HDFCBANK	1175	1175	1189	1203	1161	1147
HEROMOTOCO	3168	3151	3207	3246	3112	3056
HINDALCO	127	126	129	132	124	121
HINDUNILVR	921	911	936	951	896	872
ICICIBANK	242	244	249	256	237	233
IDEA	102	103	106	111	99	96
INDUSINDBK	1127	1118	1140	1153	1105	1083
INFRADEL	345	349	357	369	336	328
INFY	1158	1169	1184	1210	1143	1128
ITC	246	247	253	259	241	236
KOTAKBANK	743	746	754	764	735	727
LT	1533	1546	1569	1606	1509	1486
LUPIN	1639	1633	1718	1797	1554	1470
M&M	1453	1462	1476	1498	1439	1425
MARUTI	4162	4163	4201	4240	4124	4086
NTPC	154	154	158	162	150	146
ONGC	223	227	232	241	218	213
POWERGRID	164	164	168	171	161	157
RELIANCE	978	986	996	1013	968	958
SBIN	218	220	223	229	215	211
SUNPHARMA	778	776	787	796	766	755
TATAMOTORS	466	465	476	486	455	444
TATAMTRDVR	296	297	304	311	289	283
TATAPOWER	73	74	75	77	72	71
TATASTEEL	318	323	333	348	308	297
TCS	2427	2452	2500	2574	2378	2330
TECHM	503	509	518	534	493	484
ULTRACEMCO	3400	3407	3468	3536	3339	3278
WIPRO	562	562	569	576	555	548
YESBANK	1120	1122	1138	1156	1105	1089
ZEEL	453	456	466	480	443	433

Source: Iris Software

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RCH-WMR-00