

Key developments during the week

- India May industrial growth slows to 2.7% from 3.4% in April
- India May FDI inflow at \$4.82 bln vs \$4.52 bln a year ago
- Govt says India, US sign MoU to set up fund to promote renewable energy
- PM says would like first project of BRICS bank to be for clean energy
- PM proposes setting up of BRICS Agriculture Research Centre
- Jaitley says see good chance of GST bill nod next session
- Govt says automatic tax information exchange to begin from Sep 30
- SIAM sees passenger vehicle sales growth muted for rest of FY16
- Govt source says given consent to RBI plan on FII gilt invest cap
- Govt notifies issuance of 400-bln-rupees tax-free bonds for FY16
- India inks agreement on uranium supply from Kazakhstan
- Govt says non-resident companies can do single-brand retail via multiple arms
- Telecom minister says network improvement in interest of operators
- DoT may seek Cabinet nod on spectrum sharing, trade norms this month
- RBI Gandhi says PSU banks may look at FPOs for raising capital
- India Jun electricity generation 88.99 bln kWh, up 0.2% on year
- Apr-May major subsidies 496 bln rupees, dn 30.4% on year

INDEX	10-July-15	03-July-15	Change (in %)
NIFTY	8360.55	8484.90	-1.47
SENSEX	27661.40	28092.79	-1.54
NSE 500	6935.55	7003.95	-0.98
NSE MIDCAP	3325.30	3292.90	0.98
NIFTY JUNIOR	20223.75	20263.75	-0.20
BSE SMALLCAP	11335.94	11303.58	0.29
BSE 200	3509.53	3550.85	-1.16

INDEX	10-July-15	03-July-15	Change (in %)
BSE AUTO	18403.13	18970.45	-2.99
BSE BANK	21472.41	21505.16	-0.15
BSE CAPITAL GOODS	18427.92	17892.97	2.99
BSE CD	10721.10	10856.38	-1.25
BSE FMCG	7701.64	7819.36	-1.51
BSE HEALTHCARE	17055.35	16664.65	2.34
BSE IT	10156.38	10589.68	-4.09
BSE METALS	8871.54	9239.77	-3.99
BSE OIL AND GAS	9775.30	10006.10	-2.31
BSE PSU	7666.37	7763.61	-1.25
BSE REALTY	1407.59	1423.81	-1.14
BSE TECH	5791.29	6025.62	-3.89

INDEX	10-July-15	02-July-15	Change (in %)
DOW JONES	17760.41	17730.11	0.17
HANG SENG	24901.28	26064.11	-4.46
NIKKEI	19779.83	20539.79	-3.70
FTSE	6673.38	6585.78	1.33

Domestic events week ahead

- Jul 13:** CPI for Combined, Rural, and Urban for June, by CSO.
- Jul 13-14:** Rail freight traffic for June, by rail ministry.
- Jul 13-16:** Trade data for June, by commerce and industry ministry.
- Jul 14:** WPI inflation for June, by commerce and industry ministry.
- Jul 15-16:** GSM mobile subscribers' data for June, by COAI.
- Jul 16:** Rainfall for week to Jul 15, by IMD.

Source: NW18

Global events week ahead

- Jul 13:** China Trade Balance, Japan Industrial Production m/m, Eurogroup Meetings, US Federal Budget Balance
- Jul 14:** German Final CPI m/m, German WPI m/m, UK CPI y/y, UK PPI m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, Europe Industrial Production m/m, ECOFIN Meetings, US Core Retail Sales m/m, US Retail Sales m/m
- Jul 15:** China GDP q/y, China Industrial Production y/y, China Retail Sales y/y, Japan Monetary Policy Statement, BOJ Press Conference, UK Claimant Count Change, UK Unemployment Rate, US PPI m/m, US Core PPI m/m, US Industrial Production m/m, US Fed Chair Yellen Testifies, G8 Meetings
- Jul 16:** BOJ Monthly Report, Europe Final CPI and Core CPI y/y, Europe Trade Balance, Europe Minimum Bid Rate, ECB Press Conference, US Unemployment Claims, US Fed Chair Yellen Testifies, US Philly Fed Manufacturing Index, US NAHB Housing Market Index, BOE Gov Carney Speaks
- Jul 17:** US Building Permits, US CPI m/m, US Core CPI m/m, US Housing Starts, US Prelim UoM Consumer Sentiment, US FOMC Member Fischer Speaks



Weekly Sector Outlook and Stock Picks

Auto sector – Seen range-bound in run-up to earnings season

Stocks of major automakers are seen trading in a range this week in the run-up to the earnings season. The coming week is going to see a phase of consolidation. Most players will consolidate their positions in line with their expectations of the Apr-Jun numbers. The country has received rainfall below the long-period average over the past 15 days, which is a potential cause of worry for automakers, as the months of July and August are harvest periods for the kharif crop. Rainfall is a cause of concern right now. Some parts have got good rains, but some crucial parts haven't. We need to wait and watch how it pans out over the next few weeks. But right now, it still remains a cause of concern. Counters of two-wheeler manufacturers such as Hero MotoCorp Ltd and Bajaj Auto Ltd are seen down this week owing to poor rains. Maruti Suzuki India Ltd is expected to have a better week, thanks to good pre-launch demand seen for its upcoming compact sport utility vehicle S-Cross. Maruti Suzuki's counter is seen trading with a positive bias this week.

Bank Sector – CPI inflation data eyed ahead of Apr-Jun results

Bank stocks are expected to take cues from Consumer Price Index inflation data for June as investors gear up for the detailing of quarterly results. Retail inflation data, scheduled to be released on Jul 13, is keenly eyed, as the Reserve Bank of India is set to detail its bi-monthly monetary policy statement on Aug 4. Headline retail inflation, which is the RBI's chosen nominal anchor for monetary policy, has been projected by the central bank to tick up to 6% by January, and has been interpreted by many as a signal of a pause on interest rate cuts. The RBI has cut the repo rate by 75 basis points in 2015, the latest being on Jun 2. Apart from inflation, the beginning of the Apr-Jun earnings is also expected to set the tone for the sector. On Jul 13, IndusInd Bank will detail its quarterly results, with South Indian Bank and Karnataka Bank set to follow later in the week. Much of the focus will be on asset quality, which has continually experienced pressure, dragging down bottom lines for banks.

Capital Goods Sector – May trade in narrow range on weak IIP

Shares of most capital goods companies are seen opening weak and trading in a narrow range this week, owing to negative industrial growth data. Overall, India's industrial growth slowed to 2.7% in May from 3.4% a month ago, primarily due to moderation in capital goods growth and contraction in consumer goods. Data for capital goods sector brought nothing to cheer, as well. The output of capital goods segment an indicator of investment demand rose just 1.8% in May against 6.8% in April, and 4.2% a year ago. Also, another likely source of disappointment can be the upcoming earnings season.

Cement Sector – Seen positive this week on stable prices

The overall outlook for the cement stocks this week is positive as cement prices have remained stable even during the monsoon period. The stocks will also take cues from the Consumer Price Index inflation data for June which would be out on Jul 13. July month was very bad for the cement sector last year. This time around, companies have been able to sustain the prices even during monsoon when demand for the building material generally falls, pricing of the product is more important than the volumes. Major cement players like UltraTech Cement Ltd and Shree Cement Ltd had raised prices by 10-18 rupees a 50-kg cement bag in the national capital recently. In Mumbai, Ambuja Cements Ltd and UltraTech Cement Ltd had hiked the bulk prices of the same product by 10 rupees a 50-kg bag. If the monsoon continued to be favourable, rural demand for the building material would pick up in the coming two months. Otherwise the cement stocks would be seen correcting. Cement demand is likely to pick up in the third quarter of the financial year 2015-16 (Apr-Mar) owing to better demand, especially from the rural sector. Also, the overall economy is expected to strengthen in coming days with the government's thrust on infrastructure development.

FMCG Sector – Bias negative; monsoon progress, earnings eyed

Shares of fast moving consumer goods companies may trade with a negative bias this week amid weak broader market sentiment and rising concerns over weak monsoon rains. After a good start, monsoon rainfall in the country has been below normal since the last 15 days, raising worries over inflation. An uptick in inflation could hit rural demand for consumer products. Most FMCG companies declined this week due to monsoon-related concerns and fall in broader markets because of ongoing economic problems in China and Greece. The CNX FMCG Index fell 1.8% on week. A revival in rains may give some positive support to FMCG stocks but valuations for most companies are high currently and hence a



sharp upside is unlikely in the near term. For the next few weeks, stock-specific movement is likely due to the Apr-Jun earnings season. Hindustan Unilever will detail its results on Jul 21, while Godrej Consumer Products will announce results on Jul 29. Market participants will eye inflation data for June based on the Consumer Price Index and Wholesale Price Index to be detailed on Jul 13 and Jul 14, respectively, for more cues.

IT Sector – Seen weak on poor TCS results, strength in rupee

Shares of information technology companies are seen trading with a negative bias this week due to poor performance of sector leader TCS and strength in rupee against dollar. However, mid-cap companies may bring some respite for the sector as we expect such companies to report a better number. MindTree will be the first mid-cap to detail results, on Jul 16. Large-cap IT companies' shares are seen setting on flat revenues while bank stocks are rallying. Also, the Indian currency was steady over the week, ending at 63.39 rupees per dollar. The rupee is seen opening a tad up on Monday on positive cues from the euro which might strengthen on a potential deal struck between Greece and its creditors. If the Greece issue moves towards a resolution, the rupee is expected to rise painting a bleak picture for IT companies of which majority are exporters. We see some hope in IT companies endeavour to foray into the digital space which is expected to transform the IT industry. Wipro Ltd's arm Wipro Digital announced its plans to acquire design firm Designit for around 85 mln euro to expand its presence in the fast emerging digital space. TCS had reported 12.5% growth in revenue from its digital business. The IT giant said that it is seeing lot of traction for its digital products from new and existing customers.

Oil Sector – PSU refiners seen in range, bias positive

Shares of the state-owned oil marketing companies IOC, BPCL and HPCL are likely to trade in a range this week, but the bias will be positive. With oil prices falling and refining margins holding strong, these companies' profitability is expected to improve in near term and that will help the sentiment unless there is a sudden reversal in the oil price trend. Also, these companies' performance metrics has been improving ever since the government deregulated diesel prices last year and also started making timely payment of subsidies. Further, the government has for the first time given a target for gross refining margins to these companies which is expected to push them toward further improving operational efficiency. However, the focus this week will shift to companies reporting Apr-Jun earnings and the broad market trend will be guided by economic data like inflation for June to be detailed on Jul 13 and Jul 14. Since the shares of these companies have already run up a lot, weakness in the broad market could cap gains in their shares, but don't see much slide. Shares of upstream companies like ONGC and Oil India, which will see erosion in earnings due to declining oil prices. Reliance Industries, on the other hand, is going to be the first in the sector to detail earnings and its GRM figures, likely to be robust, could lift sentiments further.

Pharma sector – Seen down as Apr-Jun result likely to be subdued

Shares of frontline pharmaceutical companies are seen down this week with the street expecting the drug makers to report subdued earnings for the quarter ended June. The pharma sector to report subdued Q1FY16 (Apr-Jun) results due to slowdown in product approvals by US FDA (Food and Drug Administration) and consolidation of retail chains in the US. The market would start factoring in the results expectation, even though the dates of various companies have not been announced yet. Stocks in the pharmaceutical sector traded at premium valuations despite underperforming the broader markets, and saw the earnings as a good opportunity for those who have taken a short position on shares of drug makers.

Metal Sector – Down this week on overselling; quarterly results eyed

Shares of major metal companies are seen trading with a downward bias on expectation of subdued quarterly earnings, but there could be a upside, due to heavy selling in the previous weeks. However, there could be stock-specific movement following Apr-Jun earnings of metal companies, which are expected to be tepid. Margins of metal companies are seen declining as much as 126 bps in the June quarter. Across the board, metal prices continue to remain under pressure following poor economic data from China.

Telecom Sector – Seen negative to range-bound this week

Shares of major telecom companies are expected to remain range-bound to negative reflecting the broader market sentiment, in absence of any sector specific trigger. Notwithstanding the effects of the lacklustre market, the stocks are going through a corrective phase as sentiment has taken a hit after Reliance Jio announced plans to launch 4G services later this year. Most of the operators were able to hike tariffs in June-July period, which is positive for the sector. However, the stocks failed to reflect that due to the imminent launch of Reliance Jio.



Market range for the week 8180- 8540

Nifty	Values
Support 1	8280
Support 2	8250
Support 3	8180
Resistance 1	8450
Resistance 2	8495
Resistance 3	8540

Resistance – Nifty may face resistance at 8450 level above this level it may go up to 8495-8540 level.

Support - Nifty has support at 8280 level below this next support at 8250-8180 levels.

Technical – During the week, CNX Nifty opened at 8386.15 and touched the highest level of 8561.35 and lowest level of 8315.40. The CNX Nifty ended at 8360.55; drag 124.35 points or -1.47%. The S&P BSE Sensex opened at 27857.20 and touched the highest level of 28335.23 and lowest level of 27540.60. The S&P BSE Sensex closed at 27661.40; drag 431.93 points or -1.54%.

For the coming week, we expect the market range of 8180-8540.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we get closed above 100 and 200DMA. On the weekly chart we had witness positive candle, because of that we had mentioned we can see some stocks specific move and all we have seen same. Now on daily chart we can see series of narrow range body formation. On the weekly chart Nifty is taking support at upper trendline. So overall we can see some consolidation and from here 8420-8440 will be major resistance above that we can see some move up to 8520-8580 and 8320-8280 will be support below that we can see some pressure.

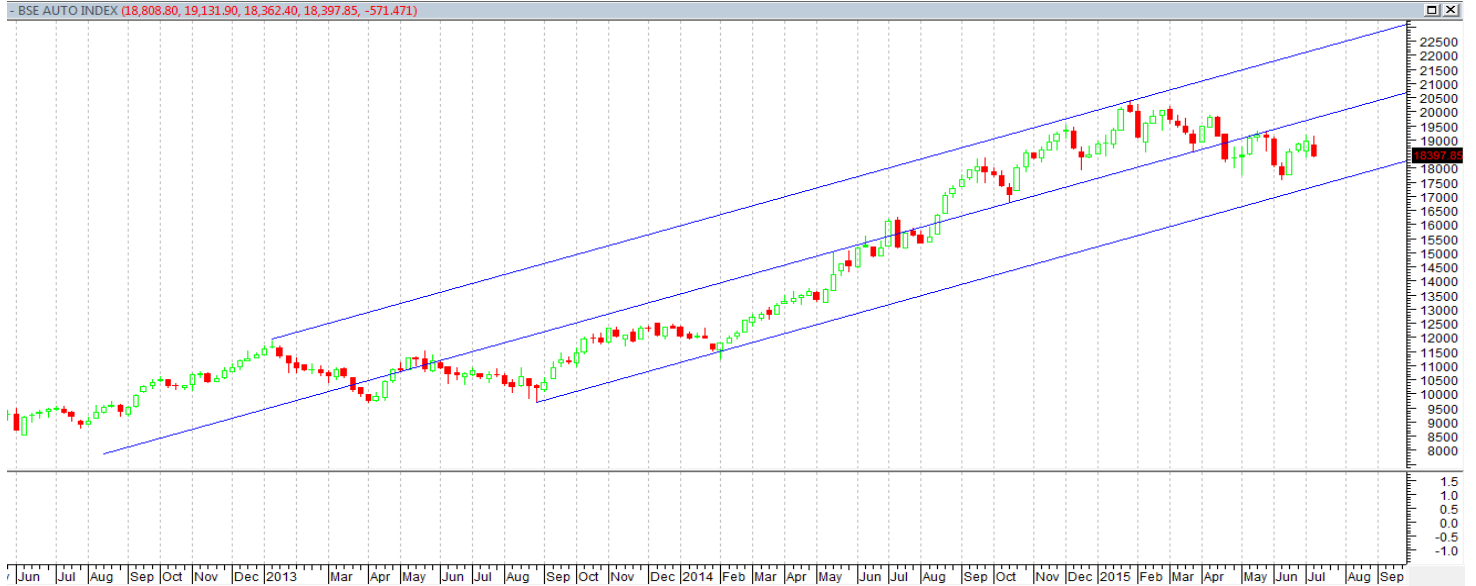
Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index	CMP: 18403
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BSE Auto

We maintain our stance that the current price action suggests that this is a pullback rally in a lower top lower bottom formation. At present there is no clear pattern to go long in this sector. Hence, one should avoid this sector at present.

BSE Bankex	CMP: 21472
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BSE Bankex

We are observing that prices test the supply zone but have closed below it. However, those gone long above 21650 levels should maintain the stop loss of 19980 for a target of 22000 – 22500 – 22800 levels.



BSE Metal Index

CMP: 8871



BSE Metal Index

At present, prices have tested the demand zone. Hence a bounce cannot be ruled out from current level. However, one has to wait for prices to close above the downward sloping trendline to go long in this sector. Hence, one should avoid the sector.

BSE IT

CMP: 10156



BSE IT

At present we are observing that prices have convincingly closed below the upward sloping trendline. This suggests weakness. Hence, one should avoid this sector.



Weekly Technicals of Key Companies –

Company	Closing 10-Jul-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1472.20	1481.98	1505.77	1539.33	1448.42	1424.63
AMBUJACEM	241.95	242.22	247.43	252.92	236.73	231.52
ASIANPAINT	795.30	797.43	832.87	870.43	759.87	724.43
AXISBANK	578.10	578.42	590.43	602.77	566.08	554.07
BAJAJ-AUTO	2466.80	2511.12	2568.58	2670.37	2409.33	2351.87
BANKBARODA	156.45	153.45	159.90	163.35	150.00	143.55
BHARTIARTL	419.30	426.62	435.58	451.87	410.33	401.37
BHEL	268.60	262.50	276.40	284.20	254.70	240.80
BOSCHLTD	23072.55	22932.13	23435.42	23798.28	22569.27	22065.98
BPCL	881.75	899.22	935.18	988.62	845.78	809.82
CAIRN	168.80	172.13	180.07	191.33	160.87	152.93
CIPLA	648.00	643.33	663.32	678.63	628.02	608.03
COALINDIA	419.95	421.45	429.20	438.45	412.20	404.45
DRREDDY	3750.50	3688.95	3831.90	3913.30	3607.55	3464.60
GAIL	360.90	369.58	381.02	401.13	349.47	338.03
GRASIM	3596.50	3557.70	3646.40	3696.30	3507.80	3419.10
HCLTECH	925.65	937.80	963.35	1001.05	900.10	874.55
HDFC	1283.35	1303.22	1327.53	1371.72	1259.03	1234.72
HDFCBANK	1090.75	1081.95	1103.80	1116.85	1068.90	1047.05
HEROMOTOCO	2571.55	2575.70	2634.85	2698.15	2512.40	2453.25
HINDALCO	104.60	104.38	109.72	114.83	99.27	93.93
HINDUNILVR	900.25	911.85	932.40	964.55	879.70	859.15
ICICIBANK	313.15	312.13	319.02	324.88	306.27	299.38
IDEA	174.90	177.07	180.33	185.77	171.63	168.37
INDUSINDBK	894.95	893.62	913.33	931.72	875.23	855.52
INFY	937.50	953.38	974.12	1010.73	916.77	896.03
ITC	309.90	311.92	317.28	324.67	304.53	299.17
KOTAKBANK	709.40	711.48	729.92	750.43	690.97	672.53
LT	1876.40	1842.13	1914.27	1952.13	1804.27	1732.13
LUPIN	1871.15	1865.72	1931.43	1991.72	1805.43	1739.72
M&M	1249.55	1276.30	1307.25	1364.95	1218.60	1187.65
MARUTI	3934.40	3948.80	3990.60	4046.80	3892.60	3850.80
NMDC	114.20	114.10	116.55	118.90	111.75	109.30
NTPC	129.85	132.20	136.25	142.65	125.80	121.75
ONGC	293.90	298.12	304.83	315.77	287.18	280.47
PNB	145.10	143.55	148.25	151.40	140.40	135.70
POWERGRID	138.65	139.08	141.77	144.88	135.97	133.28
RELIANCE	1001.80	1001.28	1019.42	1037.03	983.67	965.53
SBIN	270.55	269.07	276.13	281.72	263.48	256.42
SUNPHARMA	901.55	890.28	919.07	936.58	872.77	843.98
TATAMOTORS	401.90	410.62	426.98	452.07	385.53	369.17
TATAPOWER	71.50	72.63	74.22	76.93	69.92	68.33
TATASTEEL	280.90	287.57	296.38	311.87	272.08	263.27
TCS	2474.35	2525.42	2595.83	2717.32	2403.93	2333.52
TECHM	474.00	470.47	482.43	490.87	462.03	450.07
ULTRACEMCO	3129.80	3116.92	3197.08	3264.37	3049.63	2969.47
VEDL	146.20	150.52	163.18	180.17	133.53	120.87
WIPRO	548.65	551.40	559.55	570.45	540.50	532.35
YESBANK	809.85	826.65	861.10	912.35	775.40	740.95
ZEEL	361.15	361.98	373.97	386.78	349.17	337.18

Source: Iris Software

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