

Key developments during the week

- India Aug industrial growth at 0.4% vs 0.5% a month ago
- India Aug FDI \$2.79 bln vs \$2.27 bln a year ago
- India Sep HSBC services PMI rises to 51.6 vs 50.6 in Aug
- Govt's Apr-Sep net direct tax mop-up 2.69 trln rupees, up 7.1% YoY
- World Bank says Indian economy to grow by 6.4% in 2015-16 as against 5.6% in 2014-15
- IMF ups India's FY15 GDP growth forecast to 5.6% from 5.4% earlier
- Finance minister source says RBI, govt to sign pact on monetary policy framework
- Govt mulling easing of minimum capitalisation for affordable homes
- Industry department sets up team to fast-track Japanese invest proposals
- IRDA draft norms for F&O invest by insurance companies likely by Mar-end
- Govt to spend up to 500 bln rupee to revive set up fertiliser units
- RIL's Mukesh Ambani says to double investment in Madhya Pradesh
- SEBI head says to come out with new listing norms by next month
- Govt source says PSU banks prefer QIP to retail market share sale
- SC to hear 2G-related cases, including one on CBI head, on Oct 16

INDEX	10-Oct-14	01-Oct-14	Change (in %)
NIFTY	7859.95	7945.55	-1.08
SENSEX	26297.38	26567.99	-1.02
NSE 500	6330.35	6398.05	-1.06
NSE MIDCAP	3114.90	3128.10	-0.42
NIFTY JUNIOR	16701.25	16929.65	-1.35
BSE SMALLCAP	10611.00	10641.82	-0.29
BSE 200	3207.91	3243.23	-1.09

INDEX	10-Oct-14	01-Oct-14	Change (in %)
BSE CD	9590.21	9766.80	-1.81
BSE OIL AND GAS	10753.70	10562.58	1.81
BSE PSU	7780.08	7750.61	0.38
BSE FMCG	7351.21	7534.69	-2.44
BSE CAPITAL GOODS	14351.98	14165.45	1.32
BSE AUTO	17348.42	17719.87	-2.10
BSE REALTY	1592.08	1571.24	1.33
BSE BANK	17694.23	17538.57	0.89
BSE TECH	5889.42	5998.89	-1.82
BSE HEALTHCARE	13702.33	14299.27	-4.17
BSE IT	10680.74	10895.40	-1.97
BSE METAL	10931.49	11362.54	-3.79

INDEX	10-Oct-14	01-Oct-14	Change (in %)
DOW JONES	16544.10	16967.00	-2.49
HANG SENG	23088.54	23184.24	-0.41
NIKKEI	15300.55	15708.65	-2.60
FTSE	6339.97	6527.91	-2.88

Domestic events week ahead

- Oct 13:** Automobile sales data for September, by SIAM.
- Oct 13:** CPI for Combined, Rural, and Urban for September, by CSO.
- Oct 13-14:** Rail freight traffic for September, by rail ministry.
- Oct 14:** WPI inflation for September, by commerce and industry ministry.
- Oct 14-16:** Trade data for September, by commerce and industry ministry.
- Oct 15:** State assembly elections in Maharashtra and Haryana.
- Oct 16-24:** GSM mobile subscribers' data for October, by COAI.
- Oct 17:** WMA and forex reserves as on Oct 10, by RBI.

Source: NW18

Global events week ahead

- Oct 13:** China Trade Balance, German WPI m/m, Eurogroup Meetings
- Oct 14:** French CPI m/m, UK CPI y/y, UK Core CPI y/y, UK PPI Input m/m, German ZEW Economic Sentiment, Europe Industrial Production m/m, Europe ZEW Economic Sentiment, ECOFIN Meetings
- Oct 15:** China CPI y/y, China PPI y/y, Japan Revised Industrial Production m/m, German Final CPI m/m, ECB President Draghi Speaks, UK Claimant Count Change, UK Unemployment Rate, US Core Retail Sales m/m, US PPI m/m, US Retail Sales m/m, US Core PPI m/m, US Empire State Manufacturing Index, ECB President Draghi Speaks
- Oct 16:** Italian Trade Balance, Europe Final CPI y/y, Europe Final Core CPI y/y, Europe Trade Balance, German Buba President Weidmann Speaks, US FOMC Member Plosser Speaks, US Unemployment Claims, US Capacity Utilization Rate, US Industrial Production m/m, US Philly Fed Manufacturing Index, US Crude Oil Inventories
- Oct 17:** US Building Permits, US Fed Chair Yellen Speaks, US Housing Starts, US Prelim UoM Consumer Sentiment, US Prelim UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto sector – Positive as current prices low; SIAM data eyed

Shares of major automobile manufacturers are seen improving this week, there are buying opportunities at current levels, especially in counters of Ashok Leyland, TVS Motor Company, whose current prices are seen to be attractive. On Monday, the Society of Indian Automobile Manufacturers will detail the sales numbers for automakers for September and for the three months ended Sep 30. The broader market is expected to remain subdued this week as the Index of Industrial production for August reported showed a subdued growth of 0.4%, much below expectations. In the run up to the festivals season, most automakers were able to report good set of numbers, in terms of dealer despatches, as they stocked up in anticipation of increased consumer demand. The festivals season in India runs from Oct-Dec, and this is when a bulk of the automobile purchases in the country takes place as consumer sentiment is buoyant. Over the past few months, the sales trajectory of certain key vehicle segments, particularly passenger cars and two-wheelers, has been positive, driving up stock valuations of companies such as Maruti Suzuki India, Hero MotoCorp and TVS Motor Company.

Bank Sector – CPI, IndusInd Bank Jul-Sep result to lend cues

Bank stocks will track the broad market this week, which will take cues from key macroeconomic data due Monday. After falling this week, frontline banks' shares are expected to rebound. IndusInd Bank's Jul-Sep results, due on Monday, will also provide cues. Traders will closely look at bad loan ratio and credit growth of IndusInd Bank to gauge the performance of the sector in the second quarter. Traders will also eye the Consumer Price Index inflation rate that will be released by the Central Statistics Office on Monday. The CPI-based inflation is the key macroeconomic data that Reserve Bank of India considers before taking as decision on monetary policy rates. Any change in key policy rates has a direct impact on the banking sector. According to the median of a poll of 15 economists by Cogencis, the inflation rate is likely to have moderated to 7.2% in September from 7.80% a month ago.

Capital Goods Sector – Seen down; Crompton Jul-Sep result eyed

Shares of most capital goods companies are seen trading with a negative bias this week, as short-term investors will be cautious ahead of Jul-Sep corporate earnings that are unlikely to provide any major positive surprises. Shares of L&T are seen trading with a positive basis this week largely on the back of value buying. Shares of electrical equipment maker Crompton Greaves are seen down on weak Jul-Sep earnings. While the company's management has guided for improvement in European business performance this financial year, the same was not visible in the Crompton Greaves' Apr-Jun performance.

Cement Sector – Seen up this week on demand revival hope

Stocks of major cement companies are likely to trade in the green this week on optimism of a pick-up in demand with monsoon rains having receded. Also, there are high expectations that Jul-Sep will be a stable quarter for cement companies in terms of volume uptick and operating margins. ACC is seen trading with a positive bias. UltraTech Cement, however, is expected to be weak.

FMCG Sector – Seen benefiting from lower crude prices

Shares of fast moving consumer companies are seen trading with a positive bias this week ahead as lower crude prices are seen benefiting most companies in the sector, especially smaller players. Lower crude oil prices help FMCG companies as key raw materials like liner alkyl benzene, which is used in making detergents, and high-density polyethylene, which is used in making packaging material, are derived from crude. December delivery Brent crude oil on the ICE was at \$89.39 a bbl, down 9.2% from the previous month. We believe that while stocks may run up, factoring in lower commodity prices as early as this week, it will take a lag of at least three to five months for the benefit to reflect in the results of the companies.

IT Sector – To take positive cues from Infosys result

This week, Indian information technology companies are expected to take positive cues from Infosys' Jul-Sep results announced Friday. Infosys reported a net profit of 30.96 bln rupees, up 7.3% on quarter, for Jul-Sep due to lower employee expenses, beating expectations. The revenue rose 4.5% on quarter to 133.42 bln rupees, largely in line with



expectations. Along with the quarter results, the industry was eagerly waiting for Vishal Sikka, the newly appointed chief executive of the company, to lay down the company's renewed strategy. Sikka's commentary on Infosys' new strategy mainly revolved around achieving consistent profitable growth through "automation, innovation, artificial intelligence". He also said Infosys would look into renewing of existing business and entering new service lines. This week, investors will monitor mid-tier IT services firm Mindtree, which is scheduled to announce its quarter results on Oct 15.

Oil Sector – PSUs may rise this week; RIL Jul-Sep earnings eyed

Shares of major public sector oil and gas companies are expected to extend gains this week, although oil refining behemoth Reliance Industries Ltd will be in the focus in the early part of the week as it is scheduled to detail its Jul-Sep earnings. Reliance Industries is expected to report on Monday subdued earnings for the Jul-Sep quarter as the margins in its mainstay business of crude oil refining gets eroded. The company, which operates world's largest single-location refinery, is expected to report a net profit of 55.18 bln rupees for the quarter, up merely 1% from 54.90 bln rupees reported a year ago. The state-owned marketing companies' scrip has been witnessing steady increase over the past few weeks on the back of a sharp and consistent fall in the crude oil prices. Shares of oil marketing companies rose Friday, bucking the trend in the broader market, as prices of Brent crude slipped below \$90 a barrel. Shares of the three public sector oil retailer Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd are likely to extend gains this week as crude oil prices are expected to trend lower. Crude oil futures on domestic bourses are likely to trade with a negative bias in the coming week tracking global prices, which are expected to remain weak on low demand. The oil marketing companies are also expected to receive a boost mid-week as the government will detail the revenue impact of subsidised fuel sale for the fortnight starting Oct 16. At present the companies are making a profit of around 2 rupees per ltr on sale of subsidised diesel, which may be extended further in the upcoming data. State-owned upstream companies' shares Oil and Natural Gas Corp Ltd and Oil India Ltd are also likely to receive a boost with the decline in revenue losses faced by the retailers as the exploration companies have to part compensate for the losses. The positive bias will however be capped by the fact that the upstream companies will be impacted by the lower crude oil prices that determine their topline.

Pharma sector – Likely to gain this week on defensive buying

Shares of major pharmaceutical stocks are seen gaining this week as the broad market is expected to trade negatively due to downward bias. Pharma stocks are defensive in nature and act as safe havens for market players during a negative trade. However, there could be stock-specific movement considering companies will report their quarterly earnings. Among the major players, Ranbaxy Laboratories Ltd will report its Jul-Sep earnings on Oct 28, Dr Reddy's Laboratories Ltd on Oct 29 and GlaxoSmithKline Pharmaceuticals Ltd on Nov 6.

Metal Sector – Down this week on poor Aug industrial growth

Shares of metal companies are expected to trade with a negative bias this week due to disappointing India industrial growth in August and weak Chinese manufacturing data. India's Index of Industrial Production growth in August at 0.4% was much lower than expectations. The CNX Metal Index has fallen 3.67% since Oct 1, compared to an around 1% fall in the broader indices.

Telecom Sector – Negative trend in big companies to continue this week

Stocks of major telecommunication service providers, such as Bharti Airtel, Idea Cellular and Reliance Communications, are seen further down in the week ahead. Data released post-market hours showed that India's industrial growth was at 0.4% in August, way below the expectation of a 2.3% expansion. For the past 10 sessions, stocks of major telecom operators have seen sell-off and the short-term outlook for these shares is negative. The near-term outlook for telecom stocks is negative, as the Jul-Sep quarter earnings of which will come in later this month is traditionally a weak one for the operators.



Market Range for Week 7750- 8050

Nifty	Values
Support 1	7850
Support 2	7800
Support 3	7750
Resistance 1	7920
Resistance 2	7980
Resistance 3	8050

Resistance – Nifty facing Resistance level @7920 level above this level it may go up to @7980 & @ 8050 level.

Support - Support comes for market @7850 level for Nifty; below this level Nifty next support @7800 and @7750 will be the major support for market.

Technical – Last week Nifty opened at 7897 & it made a high of 7972. Last week we have seen some consolidation. Nifty made a low of 7815 & closed at 7859. Last week Nifty drags 157 points from its high & on weekly basis it closed at 86 points lower. Sensex made a weekly high of 26688 & a low of 26150 almost it drags 538 points in the week from its high. So overall last week we have seen some pressure from higher levels.

For the coming week the market range we expect 7750-8050

Weekly Chart View –

Last week we had expected market range (7800-8150) market made a high of 7972 & low of 7815, so overall it holds our both side range.

In last week report we had mentioned on daily & on weekly chart we had witness series of narrow range body formation, because of that we had mentioned 7920-7880 will be major support & below that we can see some pressure & all we have seen same. Now on daily chart Nifty below 50SMA. On weekly chart Nifty heading toward 20WMA. So overall from here remain 7850-7820 will be support below that we can see more pressure in the market & 7950-7980 will be major resistance only above that can see some upside in the market.

Weekly Chart





Weekly Sectoral Technical Outlook

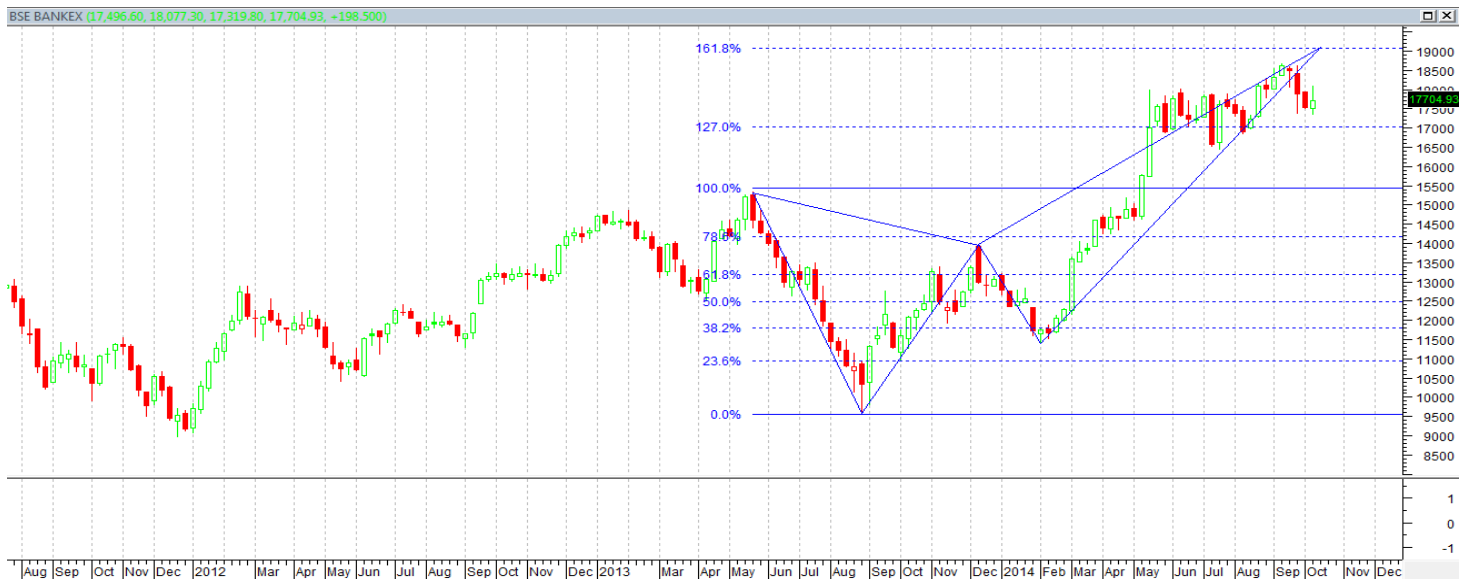
BSE Auto Index	CMP: 17348
-----------------------	-------------------



BSE Auto

At present we are witnessing a bear candle at current level. This suggests weakness going forward. Hence, one should avoid this sector and wait for positive reversal pattern.

BSE Bankex	CMP: 17694
-------------------	-------------------



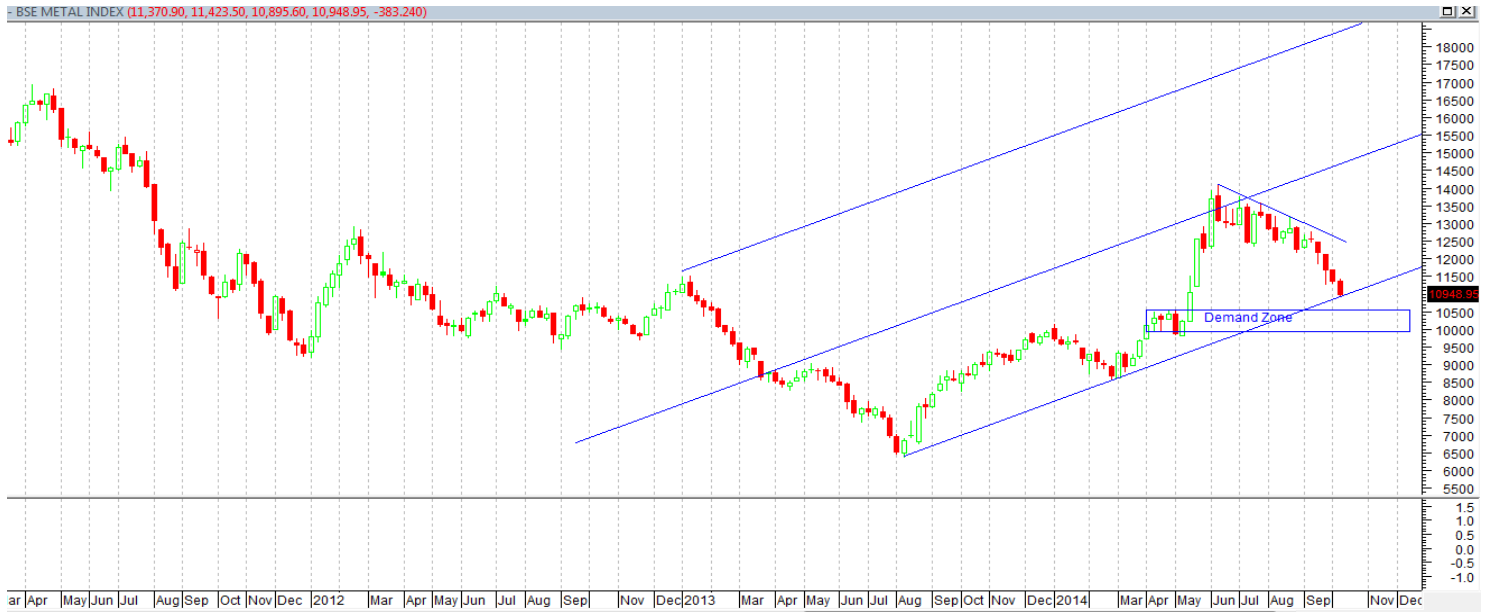
BSE Bankex

We reiterate our view that this sector is showing sign of weakness. We advise to adopt cautious approach towards this sector. Since on the daily chart we are observing a bearish lower-top lower-bottom formation, we are of the opinion that, bounce /rally in this sector is likely to attract selling pressure.



BSE Metal Index

CMP: 10931



BSE Metal Index

We maintain our stance that there is no reversal pattern on the chart. Hence, we advised traders to avoid this sector at present.

BSE IT

CMP: 10680



BSE IT

On the weekly chart we are observing a spinning top candlestick pattern. This gives small clue that the uptrend is losing breath. We reiterate our view that those holding longs can trial the stop loss to 10500 levels. On the upside, if this sector trades above 11005 level then this sector is likely to test 11300 – 11500 levels.



Weekly Technicals of Key Companies –

Company	Closing 10-Oct-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1403.30	1396.98	1439.32	1475.33	1360.97	1318.63
AMBUJACEM	211.45	211.82	216.53	221.62	206.73	202.02
ASIANPAINT	663.25	653.28	683.17	703.08	633.37	603.48
AXISBANK	379.20	380.43	388.57	397.93	371.07	362.93
BAJAJ-AUTO	2353.65	2348.48	2385.92	2418.18	2316.22	2278.78
BANKBARODA	859.10	868.58	890.42	921.73	837.27	815.43
BHARTIARTL	392.30	396.92	403.33	414.37	385.88	379.47
BHEL	221.60	213.73	233.27	244.93	202.07	182.53
BPCL	670.25	666.30	688.25	706.25	648.30	626.35
CAIRN	285.80	290.88	298.87	311.93	277.82	269.83
CIPLA	592.40	600.52	622.23	652.07	570.68	548.97
COALINDIA	335.25	338.88	344.27	353.28	329.87	324.48
DLF	152.65	149.57	158.98	165.32	143.23	133.82
DRREDDY	2998.85	3054.62	3159.23	3319.62	2894.23	2789.62
GAIL	444.00	441.98	452.62	461.23	433.37	422.73
GRASIM	3424.30	3448.03	3496.07	3567.83	3376.27	3328.23
HCLTECH	1737.50	1726.25	1787.50	1837.50	1676.25	1615.00
HDFC	1006.40	1018.92	1034.48	1062.57	990.83	975.27
HDFCBANK	867.30	871.45	888.80	910.30	849.95	832.60
HEROMOTOCO	2841.00	2826.98	2888.97	2936.93	2779.02	2717.03
HINDALCO	150.15	151.45	157.20	164.25	144.40	138.65
HINDUNILVR	720.35	727.88	737.12	753.88	711.12	701.88
ICICIBANK	1458.95	1456.25	1497.50	1536.05	1417.70	1376.45
IDFC	139.95	138.52	142.88	145.82	135.58	131.22
INDUSINDBK	623.25	616.43	638.37	653.48	601.32	579.38
INFY	3888.65	3789.78	4006.87	4125.08	3671.57	3454.48
ITC	353.10	357.92	363.48	373.87	347.53	341.97
JINDALSTEL	155.90	160.32	166.28	176.67	149.93	143.97
KOTAKBANK	1002.90	1008.43	1020.87	1038.83	990.47	978.03
LT	1461.70	1451.73	1502.47	1543.23	1410.97	1360.23
LUPIN	1328.05	1346.97	1373.93	1419.82	1301.08	1274.12
M&M	1317.40	1344.07	1373.23	1429.07	1288.23	1259.07
MARUTI	2966.20	2967.93	3011.82	3057.43	2922.32	2878.43
MCDOWELL-N	2351.80	2332.52	2404.73	2457.67	2279.58	2207.37
NMDC	152.00	156.95	162.75	173.50	146.20	140.40
NTPC	141.25	141.33	144.57	147.88	138.02	134.78
ONGC	404.20	403.95	414.60	425.00	393.55	382.90
PNB	899.90	891.53	916.67	933.43	874.77	849.63
POWERGRID	136.05	136.63	138.32	140.58	134.37	132.68
RELIANCE	960.65	950.27	979.38	998.12	931.53	902.42
SBIN	2451.20	2431.92	2517.78	2584.37	2365.33	2279.47
SSLT	249.75	256.57	265.03	280.32	241.28	232.82
SUNPHARMA	821.35	828.13	862.02	902.68	787.47	753.58
TATAMOTORS	492.70	501.52	513.68	534.67	480.53	468.37
TATAPOWER	82.80	82.53	85.02	87.23	80.32	77.83
TATASTEEL	448.05	451.03	466.47	484.88	432.62	417.18
TCS	2678.50	2722.48	2795.72	2912.93	2605.27	2532.03
TECHM	2339.05	2396.42	2486.13	2633.22	2249.33	2159.62
ULTRACEMCO	2481.35	2528.52	2580.03	2678.72	2429.83	2378.32
WIPRO	584.70	595.60	611.00	637.30	569.30	553.90

Source: Iris Software



Contact

SMS: 'Arihant' to 56677

Website

www.arihantcapital.com

Email Id

research@arihantcapital.com

**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

Disclaimer: This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

ARIHANT Capital Markets Ltd

#1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

RCH-WMR-00