

Key developments during the week

- India Apr-Jun current account gap \$6.2 bln vs \$7.8 bln YoY
- India Apr-Jun current account gap 1.2% of GDP vs 1.6% YoY
- India July industrial growth rose to 4.2% from 3.8% in June
- Finance minister source says monetary policy panel may hit Rajya Sabha wall
- Finance minister source says GST panel likely to finalise draft legislations on Sep 15
- Govt to soon issue clarification on MAT for domestic companies
- S&P downgrades Brazil credit rating to junk; outlook stays negative
- Finance minister source says to meet RBI on Oct-Mar borrow calendar Sep 28
- RBI eases banks' reporting norms for exchange earners FX accounts
- Bihar poll to be held in 5 phases starting Oct 12; counting on Nov 8
- Jaitley says Congress' "obstructionism" could delay rollout of GST
- Cabinet approves sovereign gold bond, gold monetisation schemes
- RBI Mundra says hopes to announce small finance bank licence in few days
- Cabinet approves policy for offshore wind energy projects in sea
- Apr-Aug indirect tax mop-up at 2.63 trln rupees, up 36.5%
- Cabinet approved spectrum trading, bundled frequency can also be traded

INDEX	11-Sep-15	04-Sep-15	Change (in %)
NIFTY	7789.30	7655.05	1.75
SENSEX	25610.21	25201.90	1.62
NSE 500	6511.55	6421.05	1.41
NSE MIDCAP	3062.75	2982.75	2.68
NIFTY JUNIOR	19504.60	19407.60	0.50
BSE SMALLCAP	10698.61	10605.24	0.88
BSE 200	3286.31	3241.15	1.39

INDEX	11-Sep-15	04-Sep-15	Change (in %)
BSE AUTO	17647.98	16983.20	3.91
BSE BANK	18994.04	18437.50	3.02
BSE CAPITAL GOODS	15951.38	15432.58	3.36
BSE CD	10500.32	10639.71	-1.31
BSE FMCG	7511.47	7610.70	-1.30
BSE HEALTHCARE	16920.52	17136.22	-1.26
BSE IT	11027.58	10970.02	0.52
BSE METALS	7197.95	7116.66	1.14
BSE OIL AND GAS	8619.76	8539.77	0.94
BSE PSU	6594.56	6521.99	1.11
BSE REALTY	1288.86	1242.32	3.75
BSE TECK	6017.13	5989.70	0.46

INDEX	11-Sep-15	04-Sep-15	Change (in %)
DOW JONES	16433.09	16102.38	2.05
HANG SENG	21521.79	20843.92	3.25
NIKKEI	18264.22	17792.16	2.65
FTSE	6117.76	6042.92	1.24

Domestic events week ahead

- Sep 14:** WPI inflation for August, by commerce and industry ministry.
- Sep 14:** CPI for Combined inflation for August, by CSO.
- Sep 14-16:** Trade data for August, by commerce and industry ministry.
- Sep 16-22:** GSM mobile subscribers' data for August, by COAI.
- Sep 17:** Rainfall for week to Sep 16, by IMD.
- Sep 18:** CPI for rural and farm labourers for July, by Labour Bureau.

Source: NW18

Global events week ahead

- Sep 14:** Japan Revised Industrial Production m/m, Europe Industrial Production m/m
- Sep 15:** Japan Monetary Policy Statement, BOJ Press Conference, French CPI m/m, UK CPI y/y, UK PPI m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, Europe Trade Balance, US Retail Sales and Core Retail Sales m/m, US Empire State Manufacturing Index, US Industrial Production m/m
- Sep 16:** BOJ Monthly Report, UK Claimant Count Change, UK Unemployment Rate, Europe Final CPI and Core CPI y/y, US Crude Oil Inventories
- Sep 17:** Japan Trade Balance, BOJ Gov Kuroda Speaks, Italian Trade Balance, UK Retail Sales m/m, US Building Permits, US Unemployment Claims, US Current Account, US Housing Starts, US Philly Fed Manufacturing Index, US FOMC Economic Projections, US FOMC Statement
- Sep 18:** Japan Monetary Policy Meeting Minutes, Europe Current Account



Weekly Sector Outlook and Stock Picks

Auto sector – Seen under pressure on US Fed rate hike expectation

Stocks of automobile companies are likely to continue tracking broader indices this week and trade under pressure because of anticipation of a hike in interest rates by the US Federal Reserve in its monetary policy on Sep 16-17. Thursday being a trading holiday means that the impact of the US Federal Reserve's decision would be factored in only on Friday. Among individual manufacturers, Mahindra & Mahindra Ltd launched the TUV300 compact sport utility vehicle, and is likely to see its counter trade with a positive bias due to the warm response the vehicle has received. Tata Motors Ltd is another automaker that sees a positive bias this week thanks to a marginal rise in its global wholesales volume. Global wholesales volume rose 1.5% y-o-y to 74,639 units. Two-wheeler stocks would continue to be under pressure due to a continued lull in motorcycle sales. Heavy reliance on the Splendor would see Hero MotoCorp Ltd's counter trade with a negative bias in short term, the 100cc motorcycle relies heavily on the lagging rural market for sales.

Bank Sector – Seen volatile this week; Aug CPI data eyed

Bank stocks are expected to remain volatile this week mirroring the broad market and investors are hoping for a benign inflation print, which, in turn, will fuel hopes for a repo rate cut by the Reserve Bank of India at its Sep 29 bi-monthly monetary policy meeting. India's headline inflation rate based on the Consumer Price Index (Combined) is likely to fall to a nine-month low of 3.5% in August from 3.78% a month ago. The Central Statistics Office will detail the CPI (Combined) inflation data for August after market hours on Sep 14. Separately, the Wholesale Price Index inflation data for August will also be released on the same day by the commerce and industry ministry. After release of the inflation data at the beginning of the week, market focus will shift to the US Federal Open Market Committee meeting, scheduled for Sep 16 and Sep 17. Market Participants will be cautious ahead of the US Fed meet and will refrain from increasing their investments in stocks of banks. After falling for four consecutive weeks, the Bank Nifty was able to snap its downtrend, and ended 3% higher for the week at 16612.60.

Capital Goods Sector – Seen in range with positive bias

Shares of most capital goods companies are seen trading rangebound with a positive bias this week on favorable industrial production data for the sector in July. According to information released by the Central Statistics Office, the overall industrial growth for India in July stood at 4.2% as compared to 4.4% in June and 0.9% in the previous year. Capital Goods Sector output in July grew 10.6% as compared with degrowth of 3.0% year ago. However, given the high valuation of most stocks in the sector the surge in stock prices will have limited headroom. Shares of state-owned power equipment maker Bharat Heavy Electricals and Thermax, however, are seen weak going ahead owing to company specific issues. Most of the recent gains in Thermax have been on account of execution of one very large order from Reliance Industries. With this order now close to completion, the earnings may weaken going ahead as the order inflows for Thermax from core sectors such as cement and steel are yet to pick up. Similarly for BHEL, the company's earnings are seen remaining weak going ahead owing to a slow moving order book and no significant order wins.

Cement Sector – Seen in range with a negative bias this week

Shares of major cement manufacturing companies are seen trading in range with a negative bias this week as local demand for the product is yet to pick up. Weak real estate sector and mute government spending are affecting offtake of the product, and this is getting reflected in share prices of major cement makers.

FMCG Sector – Seen rangebound; concerns over rural demand to weigh

Shares of fast moving consumer goods companies are seen trading rangebound with a negative bias this week as weak monsoon has raised concerns over rural demand for consumer products. According to data from the India Meteorological Department, monsoon rains in India have been 15% below normal at 667.8 mm during Jun 1-Sep 11. Earlier last week, IMD's Director General of Meteorology L.S. Rathore said that monsoon rains in the country might be less than the forecast of 88% of long period average. Weak monsoon is a risk to companies who have more than 50% exposure to rural markets like Hindustan Unilever and Jyothy Laboratories. The impact will be more on discretionary items than the daily use items. Consumer durables (demand) could be affected. The FMCG sector has been on a downtrend in past five weeks with the CNX FMCG Index falling 8% since Aug 5 taking cues from weak broader market, which fell due to global



macroeconomic worries. The broader market is expected to be volatile this week, as investors keenly await outcome of the US Federal Open Market Committee meeting. The trend in broader market will have a bearing on the FMCG stocks.

IT Sector – Seen in narrow band ahead of US Fed outcome

Shares of information technology companies are expected to trade in a narrow band this week as market remains cautious ahead of US Federal Reserve's monetary policy. The US Fed, which is expected to meet on Sep 16-17, has not given a clear indication as to whether it will increase the interest rate. Also, the rupee's volatility against the US dollar is expected to continue. Investors are expected to be cautious of taking any risk in the beginning of this week as they take note of consumer price and wholesale price inflation data and the outcome of Fed's decision. Apart from stocks of the pharmaceutical sector, investors are expected to be cautious of any other sectors including information technology. Market participants are seen avoiding mid-cap information technology companies which are expected to undergo corrections this week. Market participants are seen positive on Infosys Ltd, which was the top gainer on Nifty after it signed a technology and data services pact with the Association of Tennis Professionals. Additionally, positive commentary from the company's Chief Executive Officer Vishal Sikka and Chief Operating Officer Pravin Rao allayed fears. The US Department of Labor had given a clean chit to Infosys in its investigation into alleged violations of H1-B visa norms.

Oil Sector – PSU companies seen in range this week, refiners preferred

Shares of public sector oil marketing companies as well as producers are seen trading in a range this week. They will mostly track the rupee-dollar movements and those in crude oil prices. The trend in the benchmark gross refining margins would be another factor for the refining and marketing companies. Prices of crude oil are yet to stabilize and the outlook for the commodity remains weak as all major oil producing regions Russia, the US and the countries part of the Organization of Petroleum Exporting Countries continue to pump high quantities. Senior officials of BPCL and HPCL told Cogencis this week that refining margins are now trending lower and the companies also have to deal with some inventory loss this quarter. This may put pressure on their earnings. If crude prices hold for now, shares of BPCL, HPCL and Indian Oil Corp Ltd may trade with a positive bias. The revision in petrol and diesel prices, due on Tuesday, may have a sentimental effect on shares of IOC, HPCL and BPCL.

Pharma sector – Weak buying in large caps to pull sector down

Lack of buying in blue-chip pharmaceutical stocks such as Sun Pharmaceutical Industries, Cipla and Lupin is expected to extend to the entire sector with shares of most frontline drug makers seen down this week. The most pharmaceutical shares have traded cyclically over the past few weeks and have traded negatively during the last week, a trend expected to continue during this week as well. Of the large cap stocks, shares of Lupin and Sun Pharmaceuticals are seen performing the worst. Shares of Dr Reddy's rose after news of the company entering into a licensing agreement with US-based PanTheryx Inc to exclusively market and distribute paediatric product, 'DiaResQ', in India and Nepal came in.

Metal Sector – Seen rangebound this week; uptick likely

Shares of major metals and mining companies are seen trading in a range, but with a positive bias this week, after being in the oversold zone in the last two months. The CNX metal index closed at 1767.35 points on Friday, and has declined 16.97% since July. The recommendations of 20% safeguard duty on import of hot rolled steel coils for 200 days by the Directorate General Safeguards would benefit SAIL and JSW Steel. SAIL & JSW Steel to benefit most led by higher realization and lower cost. The duty comes on the back of increased cheap imports from countries such as China, Russia, which further stressed the domestic steel industry that is reeling under high leverage.

Telecom Sector – Bounceback seen post spectrum trading nod

Shares of telecom companies, which have been trading in the red for the last two weeks, are expected to bounce back to positive zone after the government allowed trading of spectrum, a move hailed by both the service providers and sector experts. The recent events that have made spectrum trading possible are a big positive for the sector. Reliance Communications Ltd could emerge the biggest beneficiary of the recently-approved proposal of spectrum trading. The company might liberalize its 800 MHz spectrum and hand it to Mukesh Ambani's Reliance Jio Infocomm Ltd. The potential deals with Reliance Communication post the issue of norms on sharing and trading would help Reliance Jio improve its network quality.



Market range for the week 7550- 8050

Nifty	Values
Support 1	7620
Support 2	7540
Support 3	7450
Resistance 1	7750
Resistance 2	7820
Resistance 3	7880

Resistance – Nifty may face resistance at 7850 level above this level it may go up to 7920-8020 level.

Support - Nifty has support at 7680 level below this next support at 7620-7550 levels.

Technical – During the week, CNX Nifty opened at 7685.85 and touched the highest level of 7864.85 and lowest level of 7539.50. The CNX Nifty ended at 7789.30; gain 134.25 points or 1.75%. The S&P BSE Sensex opened at 25302.98 and touched the highest level of 25875.90 and lowest level of 24833.54. The S&P BSE Sensex closed at 25610.21; gain 408.31 points or 1.62%.

For the coming week, we expect the market range of 7550-8050.

Weekly Chart View –

We had mentioned in last week’s report that on the daily as well as on weekly chart we had witness “Bearish candle” and oversold zone, because of that we had mentioned we can see some consolidation and all we have seen same. Now on daily chart we can see “Narrow range body formation” and on weekly chart Nifty holding 100WMA support level. So overall we can see some more consolidation with stocks specific move with in range and from here 7520-7450 will be major support and 7980-8050 will be resistance.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 7857
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NSE Auto

At present we are observing a positive candle near the median line of the lower channel. However, there is no clear positive pattern emerging to go long in this sector. Hence one should avoid this sector.

NSE Bankex	CMP: 16612
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NSE Bankex

The current price action is in a lower top lower bottom formation. Hence rallies if any are likely to attract selling pressure. At present there is strong resistance at 17075 levels from where selling can emerge. Hence, one should avoid this sector.



NSE Metal Index

CMP: 1767



NSE Metal Index

We maintain our earlier stance that the current price action has closed below the lower trendline of the symmetric triangle. This suggests weakness. Hence, one should avoid this sector at present.

NSE IT

CMP: 11432



NSE IT

We reiterate our view that this sector is out performing Nifty. Hence it has higher relative strength. Aggressive traders can go long in this sector only above 11800 with a stop loss of 11100. On the upside this sector has potential to test 11500 – 11900 levels.



Weekly Technicals of Key Companies –

Company	Closing 11-Sep-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1366.55	1363.75	1397.50	1428.45	1332.80	1299.05
AMBUJACEM	207.00	209.52	213.98	220.97	202.53	198.07
ASIANPAINT	816.15	806.35	834.70	853.25	787.80	759.45
AXISBANK	481.25	474.33	501.92	522.58	453.67	426.08
BAJAJ-AUTO	2325.80	2278.52	2381.48	2437.17	2222.83	2119.87
BANKBARODA	181.30	178.33	187.97	194.63	171.67	162.03
BHARTIARTL	348.70	351.20	363.20	377.70	336.70	324.70
BHEL	210.70	209.05	220.15	229.60	199.60	188.50
BOSCHLTD	21931.60	21705.80	22670.55	23409.50	20966.85	20002.10
BPCL	850.55	840.42	869.23	887.92	821.73	792.92
CAIRN	145.65	146.72	152.43	159.22	139.93	134.22
CIPLA	653.15	648.22	672.93	692.72	628.43	603.72
COALINDIA	333.85	339.58	346.17	358.48	327.27	320.68
DRREDDY	4014.20	3986.95	4122.25	4230.30	3878.90	3743.60
GAIL	285.15	285.05	298.10	311.05	272.10	259.05
GRASIM	3463.00	3442.67	3535.33	3607.67	3370.33	3277.67
HCLTECH	920.20	927.55	948.65	977.10	899.10	878.00
HDFC	1176.35	1172.27	1207.48	1238.62	1141.13	1105.92
HDFCBANK	1010.50	1004.17	1031.33	1052.17	983.33	956.17
HEROMOTOCO	2343.05	2323.35	2389.50	2435.95	2276.90	2210.75
HINDALCO	76.10	75.57	79.73	83.37	71.93	67.77
HINDUNILVR	795.25	802.28	826.97	858.68	770.57	745.88
ICICIBANK	267.55	261.75	275.80	284.05	253.50	239.45
IDEA	148.90	149.15	155.00	161.10	143.05	137.20
INDUSINDBK	868.70	855.75	898.85	929.00	825.60	782.50
INFY	1090.75	1083.15	1114.00	1137.25	1059.90	1029.05
ITC	313.75	314.52	318.73	323.72	309.53	305.32
KOTAKBANK	631.25	622.75	650.50	669.75	603.50	575.75
LT	1602.95	1574.18	1658.37	1713.78	1518.77	1434.58
LUPIN	1810.00	1814.25	1872.75	1935.50	1751.50	1693.00
M&M	1166.50	1151.38	1210.02	1253.53	1107.87	1049.23
MARUTI	4317.75	4240.92	4436.83	4555.92	4121.83	3925.92
NMDC	100.20	99.50	105.70	111.20	94.00	87.80
NTPC	119.65	117.80	123.20	126.75	114.25	108.85
ONGC	228.35	228.50	233.45	238.55	223.40	218.45
PNB	134.50	133.30	139.10	143.70	128.70	122.90
POWERGRID	124.30	125.12	129.68	135.07	119.73	115.17
RELIANCE	860.95	854.92	884.73	908.52	831.13	801.32
SBIN	230.10	228.25	236.35	242.60	222.00	213.90
SUNPHARMA	846.05	842.35	869.70	893.35	818.70	791.35
TATAMOTORS	344.60	339.93	363.57	382.53	320.97	297.33
TATAPOWER	59.55	58.78	62.27	64.98	56.07	52.58
TATASTEEL	232.95	230.53	245.92	258.88	217.57	202.18
TCS	2552.00	2551.33	2579.17	2606.33	2524.17	2496.33
TECHM	525.05	530.92	541.83	558.62	514.13	503.22
ULTRACEMCO	2942.20	2916.73	3024.47	3106.73	2834.47	2726.73
VEDL	97.00	95.72	103.78	110.57	88.93	80.87
WIPRO	559.10	558.93	573.72	588.33	544.32	529.53
YESBANK	710.95	692.80	744.50	778.05	659.25	607.55
ZEEL	392.00	382.97	408.08	424.17	366.88	341.77

Source: Iris Software

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