

Key developments during the week

- India October industrial growth rose to 5-year high of 9.8% from 3.8% MoM
- RBI Rajan says hopeful of restoring banking sector health by Mar 2017
- Economic secretary says rupee weak due to speculation about Fed rate hike
- Green tribunal bans registration of diesel vehicles in Delhi
- India Nov passenger car sales 173,111 units, up 10% YoY
- Competition tribunal sets aside 63 bln rupees fine on cement companies
- PM says Parliament must function; key legislations need to be passed
- RBI introduces exchange-traded cross currency options contracts
- RBI notifies reductions in banks' SLR holdings under HTM category
- Govt source says mulling tax sops for retail investors in divestment
- Health minister says govt to finalise National Health Policy soon
- Govt says Apr-Nov indirect tax mop-up 4.383 trln rupees, up 34.3% YoY
- RBI says intervene in FX market to manage excessive volatility
- Court gives Gandhis time till Dec 19 to appear in National Herald case
- Fitch affirms India's sovereign rating at 'BBB-'; outlook stable
- Iran official says hope to finalise gas export pact with India soon

INDEX	11-Dec-15	04-Dec-15	Change (in %)
NIFTY	7610.45	7781.90	-2.20
SENSEX	25044.43	25638.11	-2.32
NSE 500	6425.45	6584.90	-2.42
NSE MIDCAP	3214.90	3356.00	-4.20
NIFTY JUNIOR	19003.35	19540.00	-2.75
BSE SMALLCAP	11213.18	11557.52	-2.98
BSE 200	3229.89	3311.88	-2.48

INDEX	11-Dec-15	04-Dec-15	Change (in %)
BSE AUTO	17822.20	18480.13	-3.56
BSE BANK	18651.32	19325.36	-3.49
BSE CAPITAL GOODS	13845.54	14332.56	-3.40
BSE CD	11857.03	12112.48	-2.11
BSE FMCG	7659.54	7837.69	-2.27
BSE HEALTHCARE	16141.53	16506.02	-2.21
BSE IT	10751.91	10694.50	0.54
BSE METALS	6902.75	7280.08	-5.18
BSE OIL AND GAS	9008.31	9303.28	-3.17
BSE PSU	6462.03	6773.13	-4.59
BSE REALTY	1266.44	1335.65	-5.18
BSE TECK	5808.53	5810.54	-0.03

INDEX	11-Dec-15	04-Dec-15	Change (in %)
DOW JONES	17265.21	17847.63	-3.26
HANG SENG	21464.05	22235.89	-3.47
NIKKEI	19230.48	19504.48	-1.40
FTSE	5952.78	6238.29	-4.58

Domestic events week ahead

- Dec 14:** CPI Combined inflation for November, by CSO
- Dec 14:** WPI inflation for November, by commerce and industry ministry
- Dec 14-15:** Balance of payments for Jul-Sep, by RBI
- Dec 14-16:** Trade data for November, by commerce and industry ministry
- Dec 16-21:** Crude, refinery output for November, from petroleum ministry
- Dec 16-21:** GSM mobile subscribers' data for November, by COAI

Source: Cogencies

Global events week ahead

- Dec 14:** Japan Industrial Production, Europe Industrial Production
- Dec 15:** UK CPI & PPI, Europe ZEW Economic Sentiment, US CPI & Core CPI, US Empire State Manufacturing Index
- Dec 16:** Europe Flash Manufacturing and Services PMI, UK Claimant Count Change, UK Unemployment Rate, Europe CPI and Core CPI, Europe Trade Balance, US Building Permits, US Housing Starts, US Industrial Production, US Flash Manufacturing PMI, US Crude Oil Inventories, US FOMC Statement
- Dec 17:** Japan Trade Balance, UK Retail Sales, US Philly Fed Manufacturing Index, US Unemployment Claims, US Current Account
- Dec 18:** Japan Monetary Policy Statement, BOJ Press Conference, Europe Current Account, US Flash Services PMI, US FOMC Member Lacker Speaks



Weekly Sector Outlook and Stock Picks

Auto sector – Seen trading positive; Maruti Gujarat vote eyed

Shares of major auto companies are seen trading with a positive bias after a disappointing week as they closed at levels lower than the previous week. Most auto companies struggled during the week in the face of regulatory complications, especially a National Green Tribunal judgment that bars the registry of all diesel vehicles in Delhi on account of pollution. There is some uptick seen in the sector after a disappointing period, especially because the long term fundamentals appear to be strong. At the beginning of the week, the auto index is seen taking its cues from the broader market, but as the week progresses, individual cues will affect various stocks. India's largest passenger car maker Maruti Suzuki India Ltd will trade depending on the decision of the shareholders on the contentious Gujarat issue. Voting on the Gujarat plant issue will close on Tuesday, and the results are expected on Wednesday. In all likelihood, the management decision will go through. Tata Motors' shares on the other hand will see trading based on whether or not the company takes a decision on the price issue. While Maruti has already bitten the bullet and will raise prices up to 20,000 rupees, Tata Motors is yet to take a call on the matter.

Bank Sector – Seen weak eyeing US Fed rate decision this week

Bank stocks are likely to trade with a negative bias in the coming week, with stocks of lenders being especially susceptible ahead of the expected hike in rates by the US Federal Reserve. The US Federal Reserve's Federal Open Market Committee will meet over Dec 15-16 to decide whether it should raise federal funds rates for the first time in nearly a decade. Friday, speaking to the press after the board meet, the Reserve Bank of India Governor Raghuram Rajan said there was a 70-75% probability of a Fed rate hike this week. Rajan said he expected the Fed to hike interest rates by 25 basis points but added that the RBI was prepared for "any eventuality." Bank stocks will also track cues from the broad market, which will find solace in the strong Index of Industrial Production growth for October. The October IIP numbers look positive, but there will be some skepticism of these as it is sharply higher from month-ago levels. Markets are likely to treat the numbers with caution. India's industrial growth rose to a five-year high of 9.8% in October from 3.8% a month ago, primarily driven by high double-digit growth in the capital and consumer goods sectors. The statistical effect of a low base also helped push up the growth, as industrial output had contracted 2.7% in October last year. The latest print of the Index of Industrial Production marks the highest growth in India's industrial output since October 2010, when it had risen 11.3%.

Capital Goods Sector – Down this week as near-term outlook weak

Shares of capital goods companies are seen weak this week as concerns over continued sluggish order inflows and delays in payment cycles are likely to weigh on the near-term earnings of these companies. Government spending so far has been concentrated on roads, while order inflows in other key sectors like power and railways are yet to pick up. For the next three-four quarters, most capital goods players are seen reporting weak earnings. India's industrial growth rose to a five-year high of 9.8% in October and the output of capital goods and consumer goods, considered indicators of investment and consumer demand in the economy, grew 16.1% and 18.4%, respectively, during the month. An industry official has said the industrial production numbers are "surprising" given that little has changed on the ground. Market participants too feel that the industrial production figures may not have any significant impact on the stocks in the sector. The industrial production numbers have been fluctuating for a while now and given the low base effect, these numbers do not mean much.

Cement Sector – Seen gaining some ground on tribunal's ruling

Shares of cement companies are seen gaining ground this week, snapping days of fall, after the Competition Appellate Tribunal set aside the Competition Commission of India's 63-bln-rupees fine on 11 cement manufacturers in a 2012 case. The Competition Appellate Tribunal asked the competition regulator to give a fresh order within three months. The ruling led to brisk-buying across the cement and cement product space, with shares of cement manufacturing companies gaining as much as 5%. CCI had imposed penalties on cement-makers such as ACC, Ambuja Cement, India Cements, and Shree Cement alleging cartilisation in cement dispatches and price hikes. The regulator had also penalised Ultratech Cements, Lafarge India, JK Cement, Ramco Cements, Century Cements, and Binani Cements. The companies were asked to cough up 50% of two years' profit at that time. Even as cement companies' shares are expected to rise on this ruling, demand for the product remains weak across markets in the country, with companies cutting prices in a bid to push sales. This subdued demand would cap the upside in share prices of cement companies.

**FMCG Sector – Seen in range, bias positive; winter demand key**

Shares of fast-moving consumer goods companies this week are expected to trade in a range with a positive bias as the onset of winter may lift demand for cold creams and health supplements. There were concerns over demand for winter products because in most parts of the country winter did not set in till the first week of December. This could have hit demand for cold creams and skincare products as well as health supplements like Chyawanprash. Now that temperatures have dipped, demand for these products has started to pick up which will augur well for companies like Hindustan Unilever, Marico and Dabur India. Also, broad market is seen upbeat to start with this week after the industrial output numbers, surprised on the upside. India's industrial output in October came at 9.8%, compared with a negative 2.7% a year ago. Also, there are expectations that the goods and services tax bill may be passed next during the winter session of Parliament if the ruling National Democratic Alliance manages to convince the Congress party. Implementation of GST is seen positive for consumer goods manufacturers and if the bill is passed, shares of these companies may see some upside. However, ITC shares may come under further pressure as the bill has proposed very high rates for cigarettes. Demand has been a major concern for FMCG companies in the last few quarters rural demand has taken a hit, but urban demand has seen a slight improvement which has provided for some relief.

Oil Sector – Refining companies seen up as GRMs going strong

Low crude oil prices will continue to weigh on the shares of producers like ONGC and Oil India but state owned oil marketing companies are expected to trade with positive bias as refining margins have moved up in Oct-Dec. Crude oil prices are currently trading near seven-year lows. The Indian basket of crude oil hit a low of \$36.65 a barrel. Broad market trend will also be a key. Major indices are expected to open up on Monday after the industrial output numbers surprised on the upside. India's industrial output in October came at 9.8%, compared with a negative 2.7% a year ago. However, the US Federal Open Market Committee's decision on rate hike, likely Wednesday, will decide the trend in broad market for the rest of the week. Shares of oil refining and marketing companies IOC, BPCL and HPCL may gain if the broad market trend remains positive.

Pharma sector – Seen rangebound; bias firm as defensives preferred

Shares of pharmaceutical companies are expected to trade rangebound this week, consolidating after the recent fall, with midcaps seen better placed than largecaps. With the US interest rate hike looming, trend in the broader market will remain subdued, barring some sentimental upside on Monday due to higher-than-expected India's industrial production growth in October. In this scenario, defensive sectors such as pharma and fast moving consumer goods are likely to see some positive movement. The current market situation is favourable for defensives. Pharma stocks have corrected significantly in November, so now we can expect some rebound.

Metal Sector – Up this week, anti-dumping duty on steel to aid

The anti-dumping duty imposed by the government on the import of cold-rolled flat products of stainless steel, especially on Chinese products, is seen having a positive impact on shares of major metal producers and mining companies this week. The government imposed a hefty 57.39% duty on the cold-rolled products imported from China to support domestic steelmakers. It also imposed the levy at the rate of 4.58-36.91% on the same imports from the European Union, South Korea, Thailand, Chinese Taipei, and South Africa. Although the imposed duty on cold-rolled products will benefit the sector, the margins are not expected to grow substantially. Due to the anti-dumping duty, the metal companies will now not have to cut their prices and will, therefore, be able to survive in the market. The anti-dumping duty will support the sector, but the domestic demand is seen remaining weak.

Telecom Sector – Seen down; call drop case outcome in focus

Shares of major telecom companies will wait on the view that the Delhi High Court will take on a plea by mobile telecom players challenging a government decision to levy a penalty on dropped calls. Sector regulator Telecom Regulatory Authority of India has asked mobile companies to pay subscribers, from Jan 1, one rupee for every call drop but not over three dropped calls a day. Telecom companies, represented by the Cellular Operators Association of India and the Association of Unified Telecom Service Providers of India, had on Thursday moved the Delhi High Court challenging the TRAI order.



Market range for the week 7440- 7820

Nifty	Values
Support 1	7550
Support 2	7520
Support 3	7420
Resistance 1	7680
Resistance 2	7750
Resistance 3	7820

Resistance – Nifty may face resistance at 7680 level above this level it may go up to 7750-7820 level.

Support - Nifty has support at 7550 level below this next support at 7520-7420 levels.

Technical – During the week, CNX Nifty opened at 7816.55 and touched the highest level of 7825.40 and lowest level of 7575.30. The CNX Nifty ended at 7610.45; drag 171.45 points or -2.20%. The S&P BSE Sensex opened at 25746.03 and touched the highest level of 25785.53 and lowest level of 24930.40. The S&P BSE Sensex closed at 25044.43; drag 593.68 points or -2.32%.

For the coming week, we expect the market range of 7440-7820.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart Nifty near to lower trend line and on weekly chart it was below 100WMA, because of that we had mentioned below 7750-7720 we can see more pressure and all we have seen same. Now on daily chart Nifty near to demand zone which is 7550-7520 and on weekly chart we can see bearish candle and below 100WMA. So overall from here 7540-7520 will be major support below that we can see more pressure and should use caution approach at higher level.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 7943

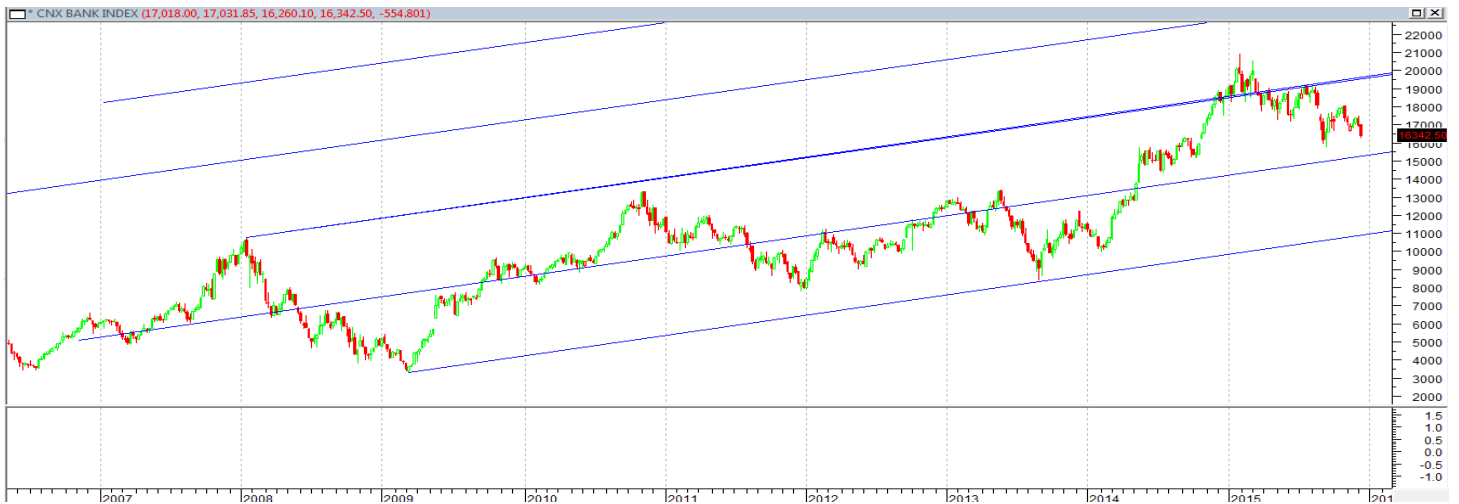


NSE Auto

We maintain our bearish stance on this sector. On the downside, if this sector trades below 7870 then it can test 7680 – 7480 levels. Hence one should avoid this sector.

NSE Bankex

CMP: 16342



NSE Bankex

The current bear candle suggests weakness. In coming week, if this sector trade below 16250 level then it is likely to test 16000 - 15550 levels. Hence, one should avoid this sector.



NSE Metal Index	CMP: 1699
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NSE Metal Index

We maintain our bearish stance on the sector. It is in a strong downtrend and rallies are likely to attract selling pressure. Hence, one should avoid this sector at present.

NSE IT	CMP: 11043
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NSE IT

We still maintain our stance that this sector is holding on to the demand zone (shown above in the graph). Aggressive traders can go long in this sector with a stop loss of 10795. On the upside it can test 11400 – 11600 levels.



Weekly Technicals of Key Companies –

Company	Closing 11-Dec-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1319.40	1326.92	1348.43	1377.47	1297.88	1276.37
ADANI PORTS	241.15	246.27	253.78	266.42	233.63	226.12
AMBUJACEM	189.00	191.70	195.80	202.60	184.90	180.80
ASIANPAINT	858.40	857.58	878.22	898.03	837.77	817.13
AXISBANK	440.65	447.58	458.62	476.58	429.62	418.58
BAJAJ-AUTO	2416.25	2428.17	2473.08	2529.92	2371.33	2326.42
BANKBARODA	155.25	158.57	166.68	178.12	147.13	139.02
BHARTIARTL	309.55	313.68	319.87	330.18	303.37	297.18
BHEL	165.50	166.95	169.75	174.00	162.70	159.90
BOSCHLTD	18221.95	18353.20	18642.55	19063.15	17932.60	17643.25
BPCL	892.90	895.32	923.38	953.87	864.83	836.77
CAIRN	125.60	129.55	134.05	142.50	121.10	116.60
CIPLA	639.25	637.75	655.50	671.75	621.50	603.75
COALINDIA	307.75	317.25	328.50	349.25	296.50	285.25
DRREDDY	2969.00	3041.77	3132.53	3296.07	2878.23	2787.47
GAIL	338.70	345.08	356.47	374.23	327.32	315.93
GRASIM	3621.35	3672.78	3738.57	3855.78	3555.57	3489.78
HCLTECH	840.60	847.50	861.00	881.40	827.10	813.60
HDFC	1174.75	1170.92	1191.83	1208.92	1153.83	1132.92
HDFCBANK	1046.35	1053.15	1064.30	1082.25	1035.20	1024.05
HEROMOTOCO	2525.15	2568.30	2619.95	2714.75	2473.50	2421.85
HINDALCO	76.25	76.62	80.23	84.22	72.63	69.02
HINDUNILVR	822.10	824.72	837.18	852.27	809.63	797.17
ICICIBANK	249.30	253.67	260.18	271.07	242.78	236.27
IDEA	131.80	134.23	137.37	142.93	128.67	125.53
INDUSINDBK	916.15	926.87	946.63	977.12	896.38	876.62
INFY	1052.80	1046.03	1069.52	1086.23	1029.32	1005.83
ITC	321.00	322.48	334.42	347.83	309.07	297.13
KOTAKBANK	667.70	671.20	678.50	689.30	660.40	653.10
LT	1285.75	1304.60	1332.65	1379.55	1257.70	1229.65
LUPIN	1740.15	1754.88	1821.27	1902.38	1673.77	1607.38
M&M	1261.90	1279.58	1315.17	1368.43	1226.32	1190.73
MARUTI	4480.75	4508.93	4611.82	4742.88	4377.87	4274.98
NTPC	132.75	131.47	134.93	137.12	129.28	125.82
ONGC	215.35	218.92	224.93	234.52	209.33	203.32
PNB	123.00	126.50	132.25	141.50	117.25	111.50
POWERGRID	128.00	129.08	130.77	133.53	126.32	124.63
RELIANCE	952.95	946.27	979.68	1006.42	919.53	886.12
SBIN	227.30	231.78	238.47	249.63	220.62	213.93
SUNPHARMA	757.80	757.53	781.77	805.73	733.57	709.33
TATAMOTORS	377.95	386.73	398.17	418.38	366.52	355.08
TATAPOWER	61.85	62.60	64.20	66.55	60.25	58.65
TATASTEEL	240.90	237.77	250.63	260.37	228.03	215.17
TCS	2386.00	2364.40	2413.55	2441.10	2336.85	2287.70
TECHM	536.95	535.75	547.70	558.45	525.00	513.05
ULTRACEMCO	2783.40	2807.18	2873.22	2963.03	2717.37	2651.33
VEDL	83.45	85.93	90.62	97.78	78.77	74.08
WIPRO	565.90	568.15	576.65	587.40	557.40	548.90
YESBANK	680.60	699.58	726.92	773.23	653.27	625.93
ZEEL	397.75	396.97	406.48	415.22	388.23	378.72

Source: Iris Software

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