

Key developments during the week

- India Jul industrial growth at 0.5% vs 3.9% a month ago
- India Aug CPI Combined inflation rate at 7.80% vs 7.96% a month ago
- India Apr-Aug indirect tax mop-up 1.94 trln rupees, up 4.6% on year
- SC refuses power producers' plea to rehear coal block case issue
- PMO directs Coal India to pull up socks, raise output by 10% each year
- Govt to bring revival plan for 43 of 70 sick PSUs in two months
- CBI head files reply in SC on alleged meeting with companies in 2G case
- SIAM head says auto companies excise cut has considerably improved sentiment
- Finance minister paper cautions on inverted duty structure of trade pacts
- SC asks govt to file Shah panel's Odisha iron ore mining reports
- Trial court to hear CBI closure report in Hindalco case on Sep 22
- India Jul FDI inflows \$4.36 bln vs \$2.52 bln a year ago
- India Aug passenger car sales up 15.2% on year; CVs down 5.6%
- Cabinet panel approves divestment in Coal India, ONGC, NHPC
- Supreme Court reserves order in coal block allocation case
- PFRDA forms panel to review investment guidelines for pension plans

INDEX	12-Sep-14	05-Sep-14	Change (in %)
NIFTY	8105.50	8086.85	0.23
SENSEX	27061.04	27026.70	0.13
NSE 500	6572.70	6502.30	1.08
NSE MIDCAP	3360.65	3268.05	2.83
NIFTY JUNIOR	17609.60	17367.25	1.40
BSE SMALLCAP	11166.79	10627.07	5.08
BSE 200	3329.12	3302.84	0.80

INDEX	12-Sep-14	05-Sep-14	Change (in %)
BSE CD	9702.76	9659.67	0.45
BSE OIL AND GAS	11361.16	11456.14	-0.83
BSE PSU	8290.66	8297.54	-0.08
BSE FMCG	7493.01	7358.81	1.82
BSE CAPITAL GOODS	15375.04	15420.90	-0.30
BSE AUTO	17928.39	17573.42	2.02
BSE REALTY	1757.69	1765.41	-0.44
BSE BANK	18607.01	18298.00	1.69
BSE TECH	5792.26	5792.29	0.00
BSE HEALTHCARE	13797.13	13760.39	0.27
BSE IT	10338.63	10405.00	-0.64
BSE METAL	12523.78	12534.31	-0.08

INDEX	12-Sep-14	05-Sep-14	Change (in %)
DOW JONES	16987.51	17137.36	-0.87
HANG SENG	24595.32	25240.15	-2.55
NIKKEI	15948.29	15668.68	1.78
FTSE	6806.96	6855.10	-0.70

Domestic events week ahead

- Sep 15:** WPI inflation for August, by commerce and industry ministry.
- Sep 15-16:** Trade data for August, by commerce and industry ministry.
- Sep 15-19:** GSM mobile subscribers' data for August, by COAI.
- Sep 17:** M3, bank deposits, loans as on Sep 5, by RBI.
- Sep 18:** Rainfall for week to Sep 17, by IMD.
- Sep 19:** CPI for rural and farm labourers for August, by Labour Bureau.
- Sep 19:** WMA and forex reserves as on Sep 12, by RBI.
- Sep 20-26:** Crude, refinery output for August, from petroleum ministry.

Source: NW18

Global events week ahead

- Sep 15:** Europe Trade Balance, US Empire State Manufacturing Index, US Capacity Utilization Rate, US Industrial Production m/m
- Sep 16:** BOJ Gov Kuroda Speaks, UK CPI y/y, UK PPI Input m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, US PPI m/m, US Core PPI m/m, US TIC Long-Term Purchases
- Sep 17:** Italian Trade Balance, UK Claimant Count Change, UK MPC Asset Purchase Facility Votes, UK MPC Official Bank Rate Votes, UK Unemployment Rate, Europe Final CPI y/y, US Core CPI m/m, US CPI m/m, US Current Account, US NAHB Housing Market Index, US Crude Oil Inventories, US FOMC Economic Projections, US FOMC Statement, US Federal Funds Rate, US FOMC Press Conference
- Sep 18:** Japan Trade Balance, BOJ Gov Kuroda Speaks, UK Retail Sales m/m, US Building Permits, US Unemployment Claims, US Housing Starts, US Philly Fed Manufacturing Index
- Sep 19:** G20 Meetings, German PPI m/m, Europe Current Account



Weekly Sector Outlook and Stock Picks

Auto sector – Seen outperforming broader market on sales recovery

Shares of automobile manufacturers are seen outperforming broader markets as sales in certain key vehicles segments have been growing steadily, and also because of a positive sentiment about the industry among investors. As the automobile industry recovers, investors are feeling confident in investing in these stocks. Passenger car sales have been growing on year for the past four months. Two-wheeler sales are growing at a fast pace, propelled by scooter sales. Tractor sales have also been growing, and commercial vehicles, led by medium and heavy commercial vehicles, are also staging a recovery, which are attracting investors. Last month, medium and heavy commercial vehicle sales grew 9.6% and the extent of fall in sales of light commercial vehicles was also arrested. Manufacturers have realised that new launches are attracting customers. Therefore, a slew of new launches is expected to keep sales volume high and customers interested.

Bank Sector – Firm this week; mid-cap PSU banks in focus

Bank stocks will continue to trade with a positive bias this week but momentum is seen more in the mid-cap space due to renewed buying in these scrips. There has been resumed buying in PSU banks as most of them were doing really bad following the news of scams and fraud. Now some recovery is expected. Bank stocks are unlikely to react to the 7.8% consumer inflation for August, as it was in line with market expectation. However, they may react to July industrial output data, which fell to 0.5% against expectation of 1.8%. Comments by bankers at the annual banking conference scheduled on Monday and Tuesday in Mumbai may also provide trigger to bank stocks. Reserve Bank of India Governor Raghuram Rajan, finance ministry officials and senior bank officials are expected to attend the seminar. Traders will also keenly eye the US Federal Open Market Committee's two-day meeting starting on Tuesday, as the US Fed may announce the timing for a hike in interest rate, which it has kept near zero since 2008.

Capital Goods Sector – In range with negative bias this week

Shares of most capital goods companies are seen moving in a narrow range with a negative bias this week following weak industrial growth numbers for July. India's industrial growth fell to a four-month low of 0.5% in July from 3.9% a month ago, mainly on account of the statistical effect of a high base and a contraction in manufacturing and the consumer durables sector. The manufacturing sector, which accounts for nearly three-fourths of the total weight of the Index of Industrial Production, contracted 1.0% in July, compared with growth of 2.5% a month ago while capital goods sector growth contracted 3.8% in July against growth of 15.98% year ago.

Cement Sector – To follow market trend; Jaiprakash Associates in focus

Stocks of major cement companies are likely to track the trend in the broader market this week, with Jaiprakash Associates continuing to be the focus as the street will keep a keen eye on developments around the company. Jaiprakash Associates shares, bantered on a rumour that the company has defaulted on interest payments, rose around 5% last week on "value-buying". During the week, stocks of cement companies were largely rangebound and moving in tandem with movement in the indices. Most of them, though, kept a positive bias as the general mood on such stocks is that of optimism over recovery in demand after the monsoon.

FMCG Sector – May rise this week; bullish on mid-caps

Shares of fast moving consumer goods companies are seen trading with a positive bias this week, bullish on stocks of mid-cap companies in the sector. While companies like HUL (Hindustan Unilever) are touching lifetime highs, the opportunities are now in the mid-caps like Tata Global and Marico. While Tata Global has strong value unlocking potential, Marico will benefit from lower raw material prices. During the week, shares of India's largest fast moving consumer goods companies Hindustan Unilever touched a lifetime high of 764.45 rupees on Thursday. Owing to the strong performance of Hindustan Unilever, the BSE FMCG index rose 1.8% during the week, outperforming the 0.13% rise in the benchmark Sensex.

IT Sector – Seen in a range but bias positive; rupee key

Information technology stocks are seen range-bound this week but the bias is seen positive because of the weakening trend in the Indian currency vis-a-vis the dollar. Investors will continue to closely track the rupee as currency movement is



crucial for IT companies. IT companies bill much of their revenues in dollars and consequently they earn more if the Indian currency falls against the dollar. The rupee ended at 60.65 for a dollar, compared with 60.39 a week ago. A weaker rupee boosts earnings of the IT majors. Typically for every 1% change in the INR/USD equation, margins of tier 1 Indian IT companies are impacted by 25-35 basis points.

Oil Sector – Weak crude may lift PSU refiners, RIL seen weak

Shares of state-owned oil marketing companies will continue to take cues from crude prices, which touched an over two-year low and may remain weak in the near term, while shares of Reliance Industries may remain under pressure due to the uncertainty over gas prices. The Indian basket of crude oil hit nearly \$96 a barrel on Thursday, its lowest level since Jul 2, 2012. The International Energy Agency also cut its estimate for crude demand for this year and the next while adding that supplies will remain robust. The Organization of the Petroleum Exporting Countries has also revised downward its crude oil demand growth forecast. The forecasts indicate a continued weakness in oil prices which will help improve the already perked up finances of the state-owned oil marketing companies Indian Oil Corp, Bharat Petroleum Corp and Hindustan Petroleum Corp. Shares of these companies may remain buoyant in the near term if crude prices remain on a weak trend though the rupee-dollar movement dictate the extent of gains.

Pharma sector – In narrow range this week on weak momentum

Shares of pharmaceutical companies are expected to trade in a narrow range due to weak momentum and also on cues from the broader markets, which too are seen rangebound. The CNX Pharma is seen trading in a range because the broader market is seen trading range-bound. There could be stock specific movement in some pharma companies that have been positive during this week. Shares of Sun Pharmaceutical Industries and Ranbaxy Laboratories will be the underperforming stocks this week.

Metal Sector – Seen in range; clarity on coal blocks awaited

Shares of metal companies are expected to trade mostly rangebound this week as market participants await clarity on the Supreme Court order on coal block allocations. News reports indicating that JSW Steel will buy rolling mills and some other assets of Italian steelmaker Lucchini surfaced again this week. We believe that this will augur well for the company, they remain unconvinced about the deal going through as Italian trade unions are opposed to the deal.

Telecom Sector – To follow company-specific cues; Bharti bullish

Shares of frontline telecom companies are likely to trade on company-specific triggers this week in the absence of broad market cues, with Bharti Airtel and Idea Cellular continuing to show positive bias. On the back of recent news flow Bharti Airtel is expected to remain positive in the coming week. On Sep 8, Bharti Airtel announced that it had entered into a 10-year pact with telecom infrastructure company Eaton Towers to sell and lease back over 3,500 of its telecom towers in Africa. Bharti Airtel did not disclose the size of the deal. The proceeds from the deal were expected to reduce the current debt of the company. Markets will also keep a watch for major restructuring initiatives announced by the government for the sector. Government has already announced decisions to merge BSNL and MTNL and revive the state-owned telecom firms in a time-bound manner. Industry will also closely keep a tab on the government's digital India plan, which aims to transform India into a digitally empowered society and knowledge economy.

Market Range for Week 7950- 8300

Nifty	Values
Support 1	8050
Support 2	7980
Support 3	7950
Resistance 1	8180
Resistance 2	8250
Resistance 3	8300

Resistance – Nifty facing Resistance level @8180 level above this level it may go up to @8250 & @ 8300 level.

Support - Support comes for market @8050 level for Nifty; below this level Nifty next support @7980 and @7950 will be the major support for market.



Technical – Last week Nifty opened at 8132 & it made a high of 8180. Last week we have seen some profit booking. Nifty made a low of 8057 & closed at 8105. Last week Nifty drags 123 points from its high & on weekly basis it closed at 19 points higher. Sensex made a weekly high of 27354 & a low of 26904 almost it drags 450 points in the week from its high. So overall last week we have seen some profit booking from higher levels.

For the coming week the market range we expect 7950-8300

Weekly Chart View –

Last week we had expected market range (7850-8300) market made a high of 8180 & low of 8057, so overall it holds our both side range.

In last week report we had mentioned on daily chart we had witness series of narrow range body formation & on weekly chart Nifty was near to upper line of channel, because of that we had mentioned 8140-8160 will be major resistance & 7920-7880 will be good support & all we have seen trade between same range. Now on daily chart we can see Nifty taking support at lower line channel & short term moving avg. On weekly chart we can see “Doji candle” at higher levels. So overall from here remain 8160-8180 will be major resistance only close above that can see some further up side & 7950-7920 will be good support .

Weekly Chart





Weekly Sectoral Technical Outlook

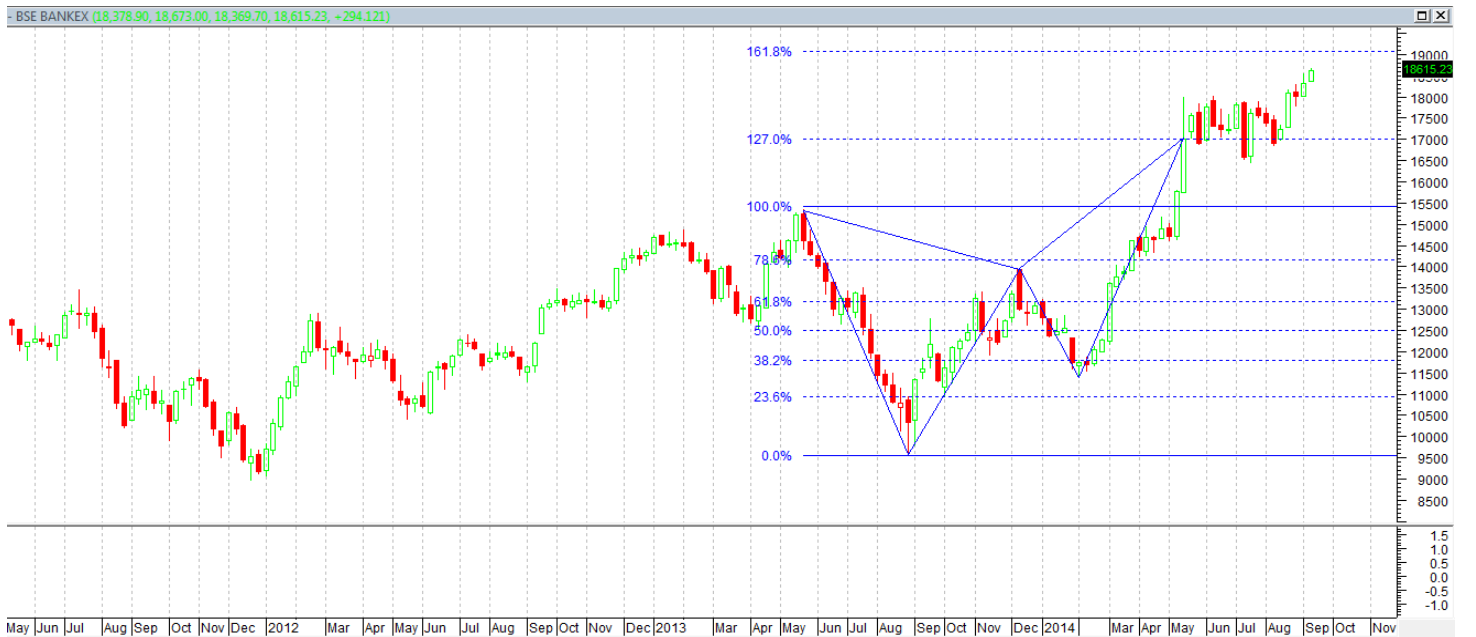
BSE Auto Index	CMP: 17928
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BSE Auto

At present, the sector is showing strength and we expect that the momentum on the upside to continue. Hence, those gone long at lower level can trial their stop loss to 17500. On the upside it can test 18200 - 18500 levels.

BSE Bankex	CMP: 18607
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BSE Bankex

The current price action suggests that momentum on the upside is likely to continue. Those long on this sector can now trial the stop loss to 18000. On the upside it can test 19000 - 19200 levels.



BSE Metal Index

CMP: 12523



BSE Metal Index

We maintain our earlier stance that there is no reversal pattern on the chart. Hence, we advised traders to avoid this sector at present and wait for prices to give a downward trendline breakout.

BSE IT

CMP: 10338



BSE IT

We maintain our positive stance on this sector and those holding longs can trial the stop loss to 10049 level. On the upside, if this sector trades above 10570 level then this sector is likely to test 10800 – 11100 levels.



Weekly Technicals of Key Companies –

Company	Closing 12-Sep-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1534.25	1537.58	1557.17	1580.08	1514.67	1495.08
AMBUJACEM	214.80	216.22	219.73	224.67	211.28	207.77
ASIANPAINT	671.80	667.58	685.17	698.53	654.22	636.63
AXISBANK	416.95	418.30	422.45	427.95	412.80	408.65
BAJAJ-AUTO	2348.45	2348.87	2382.53	2416.62	2314.78	2281.12
BANKBARODA	944.60	925.47	967.93	991.27	902.13	859.67
BHARTIARTL	414.00	409.77	419.83	425.67	403.93	393.87
BHEL	220.70	220.87	225.63	230.57	215.93	211.17
BPCL	683.15	688.40	701.70	720.25	669.85	656.55
CAIRN	325.25	331.43	338.22	351.18	318.47	311.68
CIPLA	612.75	596.13	633.52	654.28	575.37	537.98
COALINDIA	357.70	365.90	376.70	395.70	346.90	336.10
DLF	176.15	175.12	180.13	184.12	171.13	166.12
DRREDDY	2958.65	2979.00	3007.50	3056.35	2930.15	2901.65
GAIL	462.60	459.08	469.92	477.23	451.77	440.93
GRASIM	3646.40	3629.15	3700.90	3755.40	3574.65	3502.90
HCLTECH	1621.00	1638.92	1665.13	1709.27	1594.78	1568.57
HDFC	1050.30	1049.47	1066.73	1083.17	1033.03	1015.77
HDFCBANK	855.70	858.18	867.42	879.13	846.47	837.23
HEROMOTOCO	2758.55	2759.52	2849.03	2939.52	2669.03	2579.52
HINDALCO	168.60	170.38	173.67	178.73	165.32	162.03
HINDUNILVR	757.50	751.90	770.05	782.60	739.35	721.20
ICICIBANK	1564.40	1562.97	1586.43	1608.47	1540.93	1517.47
IDFC	148.95	147.33	154.02	159.08	142.27	135.58
INDUSINDBK	631.30	628.93	644.87	658.43	615.37	599.43
INFY	3669.90	3697.00	3763.40	3856.90	3603.50	3537.10
ITC	355.65	354.92	360.33	365.02	350.23	344.82
JINDALSTEL	236.15	238.58	246.17	256.18	228.57	220.98
KOTAKBANK	1069.15	1070.92	1084.83	1100.52	1055.23	1041.32
LT	1578.70	1595.47	1615.93	1653.17	1558.23	1537.77
LUPIN	1359.00	1343.60	1380.40	1401.80	1322.20	1285.40
M&M	1389.25	1387.47	1421.68	1454.12	1355.03	1320.82
MARUTI	2971.80	2935.60	3015.20	3058.60	2892.20	2812.60
MCDOWELL-N	2295.35	2282.12	2333.23	2371.12	2244.23	2193.12
NMDC	176.55	179.78	184.57	192.58	171.77	166.98
NTPC	137.75	139.73	141.97	146.18	135.52	133.28
ONGC	428.65	437.27	449.33	470.02	416.58	404.52
PNB	984.35	968.15	1003.20	1022.05	949.30	914.25
POWERGRID	135.15	135.03	138.32	141.48	131.87	128.58
RELIANCE	1015.60	1021.63	1035.27	1054.93	1001.97	988.33
SBIN	2630.40	2599.00	2672.40	2714.40	2557.00	2483.60
SSLT	290.30	286.53	295.12	299.93	281.72	273.13
SUNPHARMA	806.10	822.17	856.23	906.37	772.03	737.97
TATAMOTORS	517.20	513.68	524.47	531.73	506.42	495.63
TATAPOWER	89.35	89.27	91.43	93.52	87.18	85.02
TATASTEEL	515.95	516.97	523.78	531.62	509.13	502.32
TCS	2607.60	2621.93	2652.67	2697.73	2576.87	2546.13
TECHM	2445.75	2448.67	2496.28	2546.82	2398.13	2350.52
ULTRACEMCO	2639.35	2670.45	2735.90	2832.45	2573.90	2508.45
WIPRO	575.00	579.75	590.25	605.50	564.50	554.00

Source: Iris Software



Arihant Fundamental Desk: Stocks under our radar

Company and Sector	Current Price	EPS (Rs/share)			P/E (x)			ROE %			Dividend Yield %		
		FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E
Automobile													
M&M	1389	63.7	69.5	81.7	21.8	20.0	17.0	24.0	21.7	21.6	1.1	1.3	1.4
Maruti Suzuki	2971	92.1	115.2	159.6	32.3	25.8	18.6	14.1	15.3	16.5	0.3	0.3	0.3
Tata Motors	517	53.6	56.0	62.0	9.6	9.2	8.3	35.3	32.1	23.2	0.6	0.8	0.9
TVS Motors	226	5.4	7.4	11.5	41.9	30.6	19.7	19.6	22.6	31.2	0.5	0.6	0.7
Bajaj Auto	2346	112.1	113.8	142.8	20.9	20.6	16.4	37.0	32.2	35.2	2.1	2.6	2.8
Hero MotoCorp	2757	105.6	139.3	165.5	26.1	19.8	16.7	40.2	46.7	48.0	2.5	2.9	3.1
Banking													
BOB	944	106.4	137.3	187.5	8.9	6.9	5.0	13.4	15.3	18.1	2.3	2.6	3.2
Federal Bank	128	9.8	10.5	11.6	13.0	12.1	11.0	12.6	12.3	12.4	1.6	1.7	2.0
Yes Bank	633	36.5	45.9	43.7	17.3	13.8	14.5	23.7	23.2	22.2	1.3	1.6	1.7
Indusind Bank	631	26.9	34.2	45.3	23.5	18.5	13.9	17.6	19.1	21.2	0.6	0.6	0.6
Bank of Mah	47	4.6	6.4	7.8	10.1	7.3	6.0	7.4	9.8	11.2	2.2	2.2	2.2
DCB	86	6.1	6.3	6.7	14.2	13.6	12.8	14.1	12.8	12.0	0.0	0.0	0.0
Andhra Bank	76	7.7	8.6	15.3	10.0	8.9	5.0	5.1	5.8	10.4	1.4	2.6	3.9
HDFC Bank	855	28.3	35.3	45.7	30.2	24.2	18.7	20.0	21.0	22.0	0.8	0.9	0.9
Cement													
Ultratech Cement	2640	80.0	103.0	140.0	33.0	25.6	18.6	13.0	15.0	18.0	0.3	0.3	0.3
ACC	1532	58.0	65.0	78.0	26.4	23.6	17.8	14.0	14.9	16.6	1.2	1.2	1.2
Ambuja Cement	215	8.4	9.2	13.7	25.3	23.2	15.5	13.6	13.9	18.4	1.7	1.8	1.9
JK Cement	507	13.9	17.0	30.1	36.4	29.8	15.6	5.5	6.4	10.3	1.4	1.4	1.4
IT													
Infosys	3672	186.4	203.8	224.1	19.7	18.0	16.4	26.1	24.5	23.9	1.2	1.4	1.5
TCS	2606	97.6	113.0	127.8	26.7	23.1	20.4	52.1	47.7	44.5	1.2	2.1	1.7
Metal													
SAIL	80	6.4	5.0	12.4	12.5	15.9	6.4	6.9	4.7	10.6	2.5	2.5	2.5
Tata Steel	518	35.2	43.5	53.7	14.7	11.9	9.6	8.4	9.2	10.4	1.5	1.9	2.3
JSW Steel	1347	66.0	123.0	131.0	20.4	10.9	10.3	2.0	12.0	12.0	0.7	0.7	0.7
Hindustan Zinc	170	16.3	16.8	18.3	10.4	10.1	9.3	18.5	18.0	21.0	2.1	2.4	2.7
Hindalco	169	10.9	13.5	16.1	15.5	12.5	10.5	4.5	3.5	7.6	0.8	0.8	0.9

Note: Bank's Book values are as per Bloomberg estimates

Rating scale	
BUY	>20%
ACCUMULATE	12-20%
HOLD	5-12%
NEUTRAL	0-5%
REDUCE	< 0%

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