

**Key developments during the week**

- India Apr trade deficit at \$4.84 bln vs \$10.99 bln a year ago
- Jaitley says compulsory licensing of affordable drug in public interest
- Cabinet approves policy on Intellectual Property Rights
- SC directs states to disburse crop loss compensation to farmers
- ASSOCHAM writes to Jaitley to reconsider service tax on spectrum
- India Apr CPI combined inflation rate at 5.39% from 4.83% in Mar
- India Mar industrial growth slumped to 0.1% from 2% in Feb
- Finance minister source says negotiating interest rate for Iran oil payment
- Economic secretary Das says govt to frame rules under bankruptcy law soon
- Banks Board Bureau head says govt working on recapitalisation plan
- CEO says LSE can help Indian companies meet global ambitions
- Economy secretary says market investments to be driven by post-tax returns
- SC sets aside TRAI's penalty on telecom companies for call drops
- Economy secretary says trying to form monetary panel before Jun 7 RBI policy
- Jayant Sinha says gross NPA of PSU banks 3.62 trln rupees as of Dec 31
- Finance minister says India, Mauritius sign protocol for amending tax treaty

INDEX	13-May-16	06-May-16	Change (in %)
NIFTY	7814.90	7733.45	1.05
SENSEX	25489.57	25228.50	1.03
NSE 500	6582.30	6504.55	1.20
NSE MIDCAP	3324.55	3288.70	1.09
NIFTY JUNIOR	19447.95	19256.35	0.99
BSE SMALLCAP	11113.30	10899.31	1.96
BSE 200	3315.87	3278.71	1.13

INDEX	13-May-16	06-May-16	Change (in %)
BSE AUTO	18222.58	18272.53	-0.27
BSE BANK	19039.77	18540.06	2.70
BSE CAPITAL GOODS	13362.31	13150.72	1.61
BSE CD	11824.70	11714.58	0.94
BSE FMCG	7730.10	7619.98	1.45
BSE HEALTHCARE	15432.00	15363.35	0.45
BSE IT	11215.88	11042.48	1.57
BSE METALS	7502.60	7672.21	-2.21
BSE OIL AND GAS	9170.30	9236.69	-0.72
BSE PSU	6086.96	6111.80	-0.41
BSE REALTY	1338.57	1334.11	0.33
BSE TECK	6071.62	5969.60	1.71

INDEX	13-May-16	06-May-16	Change (in %)
DOW JONES	17535.32	17740.63	-1.16
HANG SENG	19719.29	20109.87	-1.94
NIKKEI	16412.21	16106.72	1.90
FTSE	6138.50	6125.70	0.21

Domestic events week ahead

- May 16:** WPI inflation for April, by commerce and industry ministry
- May 16-18:** GSM mobile subscriber data for April, by COAI
- May 16-20:** Foreign tourist arrivals in April, by tourism ministry
- May 16-20:** Freight traffic of major ports in April, by IPA
- May 16-20:** Power generation for April, by Central Electricity Authority
- May 20:** CPI for rural and farm labourers for April, by Labour Bureau

Source: Cogencies

Global events week ahead

- May 16:** Japan PPI, US Empire State Manufacturing Index, US NAHB Housing Market Index
- May 17:** Japan Revised Industrial Production, UK CPI, UK PPI, Europe Trade Balance, US Building Permits, US Housing Starts, US CPI, US Core CPI, US Industrial Production
- May 18:** Japan Prelim GDP, UK Unemployment Rate, Europe CPI and Core CPI, US Crude Oil Inventories, US FOMC Meeting Minutes
- May 19:** Europe Current Account, UK Retail Sales, ECB Monetary Policy Meeting Accounts, UK Philly Fed Manufacturing Index, US Unemployment Claims, US FOMC Member Dudley Speaks
- May 20:** US FOMC Member Tarullo Speaks, US Existing Home Sales



Weekly Sector Outlook and Stock Picks

Auto Sector – Seen recouping this week; state poll results eyed

Shares of automobile companies, most of which closed negative this week could recover some losses this week. Thursday's results of the recently-concluded elections across 5 states would also have a bearing on the movement of the share prices. The CNX Auto Index, which closed the week on marginal decline, despite the broader market reporting upswing of 1%, is likely to bounce back this week. Maruti Suzuki India Ltd seems positive in the long run, aided by the company's petrol-heavy portfolio. Tata Motors might appear bearish in the short term, the bias on the counter remained positive till such point it held on to the 376-rupee levels. Eicher Motors, which saw some selling pressure on account of promoters selling some stock, still looked attractive. Baja Auto, which closed the week up 3.4%, might see further upswing this week.

Bank Sector – Seen mixed; private banks back in demand, results eyed

Bank stocks are seen trading with a mixed bias this week with private banks continuing to attract investors even as asset quality issue-strapped state-owned banks slide off investors' radar. Bank of Baroda, Bank of Maharashtra, and UCO Bank are the state-owned banks that have declared losses due to asset quality issues and allied provisioning problems so far in Jan-Mar. In the quarter ended December, 12 banks, including 11 state-owned banks, had declared losses. While private banks such as ICICI Bank and Axis Bank have also declared weak numbers in Jan-Mar, the transparency and disclosures on future guidance have earned them investors' interest. Additionally, banks such as Kotak Mahindra Bank, HDFC Bank, and YES Bank continue to buck the broad market trend and reported strong Jan-Mar earnings, which has led them to remain top picks within the sector. Syndicate Bank, United Bank of India, Punjab National Bank, Corporation Bank, and Karnataka Bank will declare their earnings this week.

Capital Goods Sector – Seen weak; L&T likely to extend gains

Trading in most shares of capital goods companies is seen range-bound, with a negative bias, this week, with Larsen & Toubro being an exception. Sentiment in the broader market is likely to weigh on stocks in the sector. This week, domestic indices are likely to be weak, owing to continued consolidation, and will eye global markets and domestic economic data for cues. On Thursday, the Central Statistics Office released data on India's industrial production for March and for the year ended March. Growth in capital goods for 2015-16 (Apr-Mar) was (-)2.9%, compared with 6.3% the previous year. For March, the sector's output growth was (-) 15.4%, compared with 9.1% a year ago. Investors are likely to remain bearish on Thermax, which will detail its Jan-Mar earnings on May 25. The company's earnings are likely to be subdued, owing to a weak order book. Tata Sons-owned cooling solutions provider Voltas will detail its earnings for the quarter ended March on Tuesday.

Cement Sector – Seen trading rangebound with negative bias

Shares of cement manufacturing companies are seen trading rangebound with a negative bias this week given the companies' persistently weak pricing power in the face of sluggish demand for the building material. Cement demand has been weak for the past six months and is expected to remain so, given the drought-like conditions in large parts of the country. The upside in cement shares is limited in the near term. Companies in the sector are hoping for some demand increase from the roads sector. Separately, the government will have to spend nearly 819.75 bln rupees on construction of 10 mln houses in the first three years of the Pradhan Mantri Awaas Yojana-Gramin, apart from the urban housing plan and the scheme to develop smart cities. All these together are expected to help the sector.

FMCG Sector – In range this week with hope of upmove on monsoon

Shares of fast-moving consumer goods companies are expected to trade in a range this week with a commentary on onset of monsoons by the India Meteorological Department in the next two-three days expected to turn the sentiment positive for consumer goods companies. IMD said monsoon could hit Andaman in the next three-four days. Onset date for Kerala will be announced Sun-Mon. The Southwest monsoon usually sets in over Kerala on Jun 1. Southwest monsoon rains are forecast to be 106% of the long-period average, Director General L.S. Rathore had said earlier while issuing the first long-range forecast for this year. The Bangalore-based consumer Britannia Industries Ltd will announce its Jan-Mar earnings on Friday. Glaxosmithkline Consumer Healthcare Ltd will announce its Jan-Mar earnings on Tuesday. Hindustan Unilever is expected to trade in a range with a downward bias.

**IT Sector – Seen in range; TCS, Infosys seen as top picks**

Shares of information technology companies are seen trading in range this week due to negative sentiment in the broader market and absence of positive triggers in the sector. Broader market indices are seen lower in volatile trade due to continued consolidation, while focus remains on domestic economic data, quarterly earnings, and global market trend. The Indian currency, which closed 66.76 against the dollar, is seen weakening further this week. This is expected to bring some relief to the sector companies that are major software exporters to the US. Investors and market participants are expected to remain cautious and may prefer shares of Tata Consultancy Services and Infosys. Shares of HCL Technologies have been choppy after the company posted its Jan-Mar earnings. The stock is seen weak in the following sessions as several investors are likely to exit stock on gains. Tech Mahindra, which is slated to post its Jan-Mar earnings on May 24, is seen stable. Wipro's stock is currently the weakest among the large weights of the sector.

Oil Sector – PSU refiners seen range-bound; oil prices eyed

Shares of public sector oil refining companies IOC Ltd, BPCL, and HPCL are likely to trade in a range with a positive bias this week in the absence of any significant sector-specific triggers. Stocks of oil companies are likely to be in tune with the broader market and would be tracking global crude oil prices and news flow pertaining to the petroleum sector. Refining companies currently have positivity about them on expectations of favourable Jan-Mar earnings, backed by inventory gains and robust refining margins. Prices of crude oil have seen a gradual improvement over the past few weeks but there has not been any sharp spike. Shares of the three public sector refiners are reacting positively on expectations of inventory gains as crude oil prices have inched up. As far as upstream players like ONGC Ltd, Oil India Ltd, and Cairn India Ltd are concerned, these stocks are likely to trade in a range with negative bias, and their movement will be decided by the global crude oil prices. Focus of domestic equity markets will also be on earnings for Jan-Mar, which is likely to shape up the sentiment in the broad market. Results of elections to five state Assemblies are to be announced on Thursday, and that may affect the broad market sentiment as well.

Pharma Sector – Seen mixed this week; Lupin Jan-Mar earnings eyed

Shares of pharmaceutical companies are seen trading on a mixed note this week with investors closely eyeing Jan-Mar earnings of Nifty 50 constituent Lupin, due on Thursday. Lupin's consolidated net profit is expected to rise 23.2% year on year to 6.74 bln rupees in the quarter ended March and net sales are seen up 23.7% at 37.79 bln rupees. Revenue growth of Lupin is likely to be driven by a 39% rise in US sales on the back of Glumetza generic launch under 180-day marketing exclusivity and Gavis consolidation, while profit is seen higher on strong operational performance. Market will also keep a watch on Jan-Mar earnings of Strides Shasun and Piramal Enterprises on Monday, and JB Chemicals and Unichem Laboratories on May 20. Shares of Cadila Healthcare may rebound due to good Jan-Mar performance and management's comment that the company's operating margin is expected to be at least 22% in 2016-17.

Metal Sector – Seen down; China steel output, inventories seen up

Shares of major metal and mining companies are seen trading down this week, following reports that China's production data, is expected to show the country's crude-steel production at a record high in April. Mills in China ramped up their crude-steel production during April in order to take advantage of increased global prices and make profits. However, benchmark prices have slumped about a quarter since Apr 21. The fall in domestic steel price in China and rise in inventories can result in greater steel exports from the country, which could lead to a fall in steel prices globally. Though the Indian government has imposed minimum import price on 173 steel products to protect the domestic steel industry, the fall in global prices of steel and the overall bad outlook can create further problems for the already-troubled sector. China is the world's largest steel producer and despite the global supply glut, the country produced record amount of steel in March and is expected to top the level in April.

Telecom Sector – Bharti Airtel, Idea seen up this week

Shares of Bharti Airtel Ltd, Idea Cellular Ltd and Reliance Communications Ltd are expected to see a rebound this week after the Supreme Court struck down the Telecom Regulatory Authority of India's compensation plan for call drops earlier this week. The apex court Wednesday set aside the regulator's order that had asked operators to pay subscribers 1 rupee each for the first three dropped calls of the day. Telecom companies had moved the apex court after they failed to get relief in the Delhi High Court, contending that the regulator's move would sink the industry. TRAI's notification, issued on Oct 16, was challenged by the Cellular Operators of Association of India and the Association of Unified Telecom Service Providers of India.



Market range for the week 7620-7980

Nifty	Values
Support 1	7780
Support 2	7750
Support 3	7650
Resistance 1	7880
Resistance 2	7950
Resistance 3	7980

Resistance – Nifty may face resistance at 7880 level above this level it may go up to 7950-7980 level.

Support - Nifty has support at 7780 level below this next support at 7750-7650 levels.

Technical – During the week, CNX Nifty opened at 7755.25 and touched the highest level of 7916.05 and lowest level of 7753.55. The CNX Nifty ended at 7814.90; gain 81.45 points or 1.05%. The S&P BSE Sensex opened at 25321.83 and touched the highest level of 25827.03 and lowest level of 25302.86. The S&P BSE Sensex closed at 25489.57; gain 261.07 points or 1.03%.

For the coming week, we expect the market range of 7620-7980

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we witness series of “Narrow range” body formation and on weekly chart it was below 100WMA, because of that we had mentioned we can see stocks specific move and all we have seen same. Now on daily chart Nifty below 200DMA and on weekly chart struggling around 50 and 100WMA. So from here remain 7950-7980 will be major resistance only above that we can see some upside and from here remain 7720-7650 will be good support. Overall we can see some consolidation with stocks specific move.

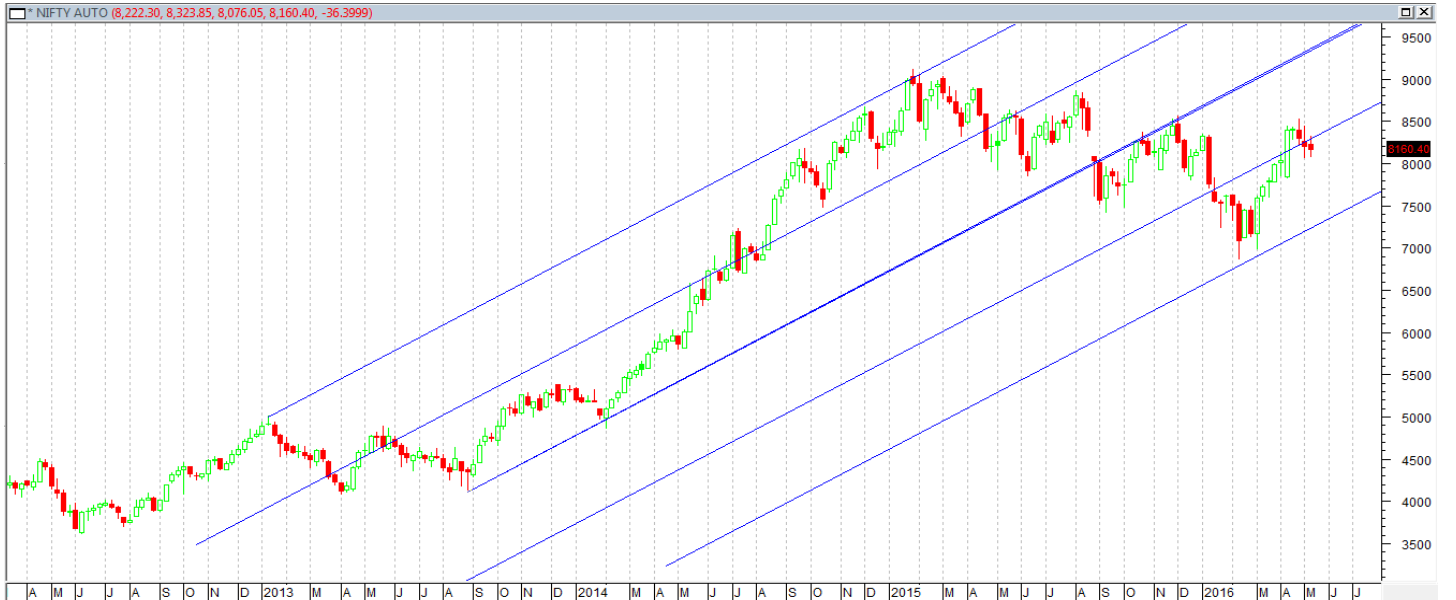
Weekly Chart





Weekly Sectoral Technical Outlook

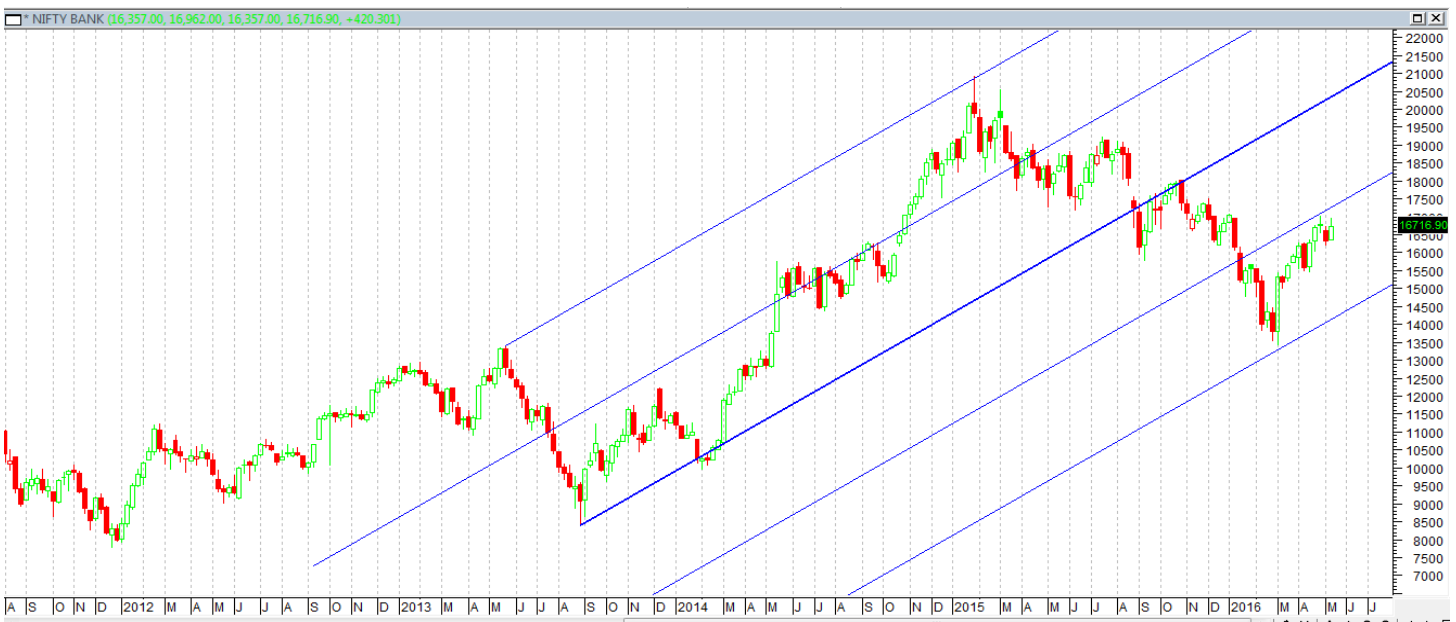
NSE Auto Index	CMP: 8160
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NSE Auto

At present, we are observing three consecutive a narrow range bear candle which gives small clue that the current up move is losing breath. However, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector.

NSE Bankex	CMP: 16716
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NSE Bankex

We still maintain our stance that there is no clear positive pattern that suggests long in this sector. Hence, one should avoid this sector at present.



NSE Metal Index

CMP: 1920

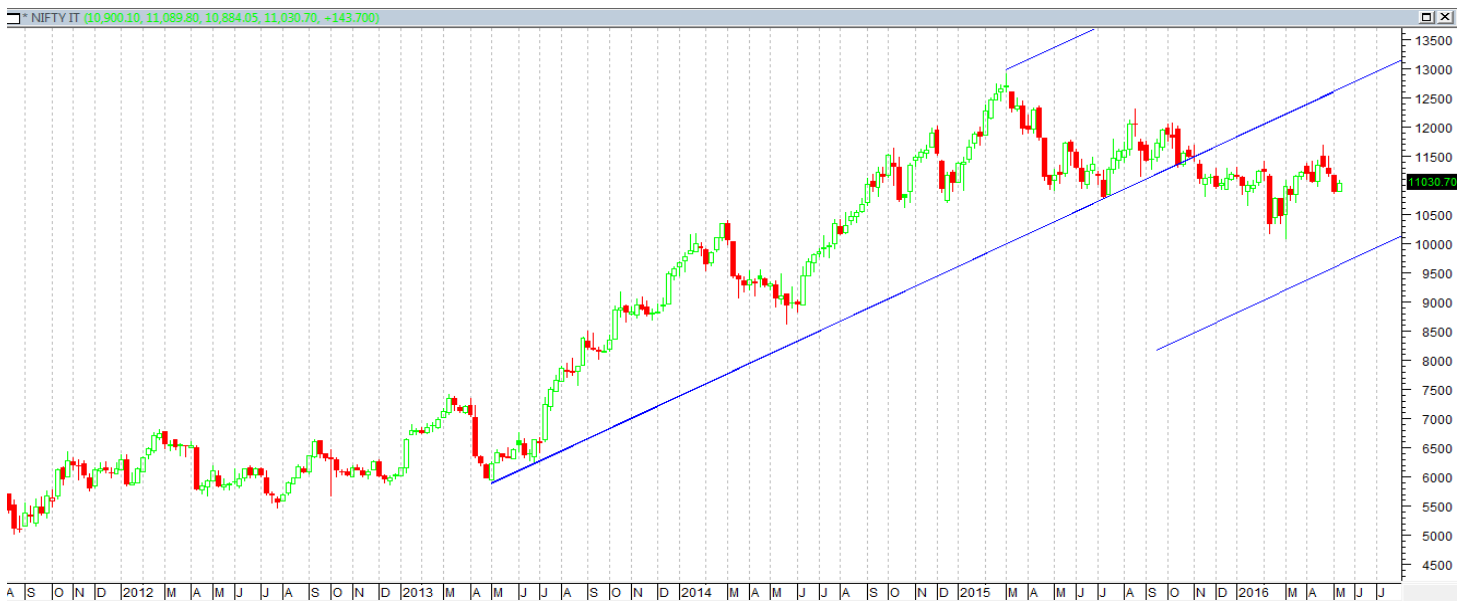


NSE Metal Index

The current price action on the daily chart suggests weakness. On the downside if this sector trades and close below 1900 then it is likely to test 1800 – 1750 levels. At present, one should avoid this sector.

NSE IT

CMP: 11030



NSE IT

We maintain our stance that this sector is in a bear grip. At present, we are observing an inside week candle which suggests that the down move is losing breath. However, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 13-May-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1457.10	1452.53	1479.57	1502.03	1430.07	1403.03
ADANIPORTS	188.55	189.40	199.40	210.25	178.55	168.55
AMBUJACEM	217.25	218.97	221.03	224.82	215.18	213.12
ASIANPAINT	943.65	926.38	965.27	986.88	904.77	865.88
AUROPHARMA	784.25	795.57	811.03	837.82	768.78	753.32
AXISBANK	490.65	486.40	511.15	531.65	465.90	441.15
BAJAJ-AUTO	2517.70	2502.25	2573.45	2629.20	2446.50	2375.30
BANKBARODA	155.10	155.35	159.90	164.70	150.55	146.00
BHARTIARTL	354.90	361.78	370.57	386.23	346.12	337.33
BHEL	122.75	125.22	127.93	133.12	120.03	117.32
BOSCHLTD	20676.15	20270.72	21490.18	22304.22	19456.68	18237.22
BPCL	927.80	928.77	949.03	970.27	907.53	887.27
CIPLA	531.70	534.73	539.42	547.13	527.02	522.33
COALINDIA	281.45	281.60	286.55	291.65	276.50	271.55
DRREDDY	2917.20	2909.07	2996.13	3075.07	2830.13	2743.07
EICHERMOT	18992.80	19290.93	20201.87	21410.93	18081.87	17170.93
GAIL	379.60	383.17	391.03	402.47	371.73	363.87
GRASIM	4251.75	4212.27	4339.43	4427.12	4124.58	3997.42
HCLTECH	723.15	720.85	735.30	747.45	708.70	694.25
HDFC	1166.00	1182.05	1205.45	1244.90	1142.60	1119.20
HDFCBANK	1140.90	1137.30	1155.60	1170.30	1122.60	1104.30
HEROMOTOCO	2912.60	2924.88	2967.72	3022.83	2869.77	2826.93
HINDALCO	89.30	90.67	92.53	95.77	87.43	85.57
HINDUNILVR	831.80	841.15	860.35	888.90	812.60	793.40
ICICIBANK	226.50	226.03	233.37	240.23	219.17	211.83
IDEA	113.55	113.60	117.40	121.25	109.75	105.95
INDUSINDBK	1065.20	1057.57	1079.03	1092.87	1043.73	1022.27
INFRADEL	374.90	373.40	382.15	389.40	366.15	357.40
INFY	1207.25	1201.50	1222.40	1237.55	1186.35	1165.45
ITC	319.35	320.15	325.20	331.05	314.30	309.25
KOTAKBANK	708.25	718.30	733.70	759.15	692.85	677.45
LT	1286.50	1296.53	1329.87	1373.23	1253.17	1219.83
LUPIN	1588.70	1599.18	1613.37	1638.03	1574.52	1560.33
M&M	1312.75	1325.98	1349.97	1387.18	1288.77	1264.78
MARUTI	3846.25	3848.68	3907.37	3968.48	3787.57	3728.88
NTPC	141.00	141.73	144.07	147.13	138.67	136.33
ONGC	203.75	206.08	210.17	216.58	199.67	195.58
POWERGRID	144.75	143.15	146.80	148.85	141.10	137.45
RELIANCE	978.15	980.78	991.57	1004.98	967.37	956.58
SBIN	184.85	186.42	188.73	192.62	182.53	180.22
SUNPHARMA	795.05	799.62	807.23	819.42	787.43	779.82
TATAMOTORS	389.95	390.42	404.73	419.52	375.63	361.32
TATAMTRDVR	276.95	279.80	288.15	299.35	268.60	260.25
TATAPOWER	70.35	71.32	73.03	75.72	68.63	66.92
TATASTEEL	322.65	326.35	333.55	344.45	315.45	308.25
TCS	2523.40	2516.57	2576.73	2630.07	2463.23	2403.07
TECHM	479.80	478.97	486.43	493.07	472.33	464.87
ULTRACEMCO	3151.65	3161.52	3223.03	3294.42	3090.13	3028.62
WIPRO	539.65	538.13	544.77	549.88	533.02	526.38
YESBANK	950.55	943.78	974.17	997.78	920.17	889.78
ZEEL	448.85	435.33	467.67	486.48	416.52	384.18

Source: Iris Software

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RCH-WMR-00