

### Key developments during the week

- Bimal Jalan says reconciling policy roadmap, revenues in Budget big challenge
- HSBC says govt needs to focus on boosting efficiency, not investment
- BofA ML says El Nino may push RBI rate cut to early 2015 from Dec
- Indian Bank to sell 11.69 bln rupees of NPAs this month
- Ashok Leyland to launch QIP in 10 days to raise 15 bln rupees
- BHEL commissions fourth 68-MW unit at SJVN's Himachal Pradesh unit
- L&T Construction wins orders worth 10.27 bln rupees May, Jun
- ONGC JV commissions 66 kv switch gear system at Dahej unit
- Wipro in pact with First Data to provide development, testing svcs
- JKumar Infraprojects eyes shareholder OK to raise up to 2 bln rupees
- India April Industrial growth 3.4% vs (-)0.5% month ago
- India May CPI Combined Inflation Rate 8.28% vs 8.59% month ago
- Infosys appoints Sikka as CEO, MD; Shibulal, Murthy to step down
- RBI revises norms for transfer of foreign assets to India JV, arm
- Govt to focus on coal, power, steel cos for divest FY15
- Fitch says strong government to help contain India banks' downside risks
- LIC source says have enough headroom to increase stake in PSU banks
- Govt may soon review sugar sector decontrol, subsidy on levy sugar

INDEX	13-June-14	06-June-14	Change (in %)
NIFTY	7542.10	7583.40	-0.54
SENSEX	25228.17	25396.46	-0.66
NSE 500	6057.50	6129.95	-1.18
NSE MIDCAP	3216.40	3370.50	-4.57
NIFTY JUNIOR	15931.20	16601.15	-4.04
BSE SMALLCAP	9674.58	9774.04	-1.02
BSE 200	3074.10	3109.40	-1.14

INDEX	13-June-14	06-June-14	Change (in %)
BSE CD	8130.14	8207.12	-0.94
BSE OIL AND GAS	11361.96	11987.67	-5.22
BSE PSU	8415.06	8948.15	-5.96
BSE FMCG	6868.79	6931.54	-0.91
BSE CAPITAL GOODS	15857.21	16124.12	-1.66
BSE AUTO	15195.07	15184.52	0.07
BSE REALTY	1994.75	2128.03	-6.26
BSE BANK	17309.87	17788.59	-2.69
BSE TECH	5028.26	4853.82	3.59
BSE HEALTHCARE	10760.20	10333.91	4.13
BSE IT	8895.53	8401.07	5.89
BSE METAL	13075.74	13706.42	-4.60

INDEX	13-June-14	06-June-14	Change (in %)
DOW JONES	16775.74	16924.28	-0.88
HANG SENG	23319.17	22951.00	1.60
NIKKEI	15097.84	15077.24	0.14
FTSE	6777.85	6858.21	-1.17

### Domestic events week ahead

- **Jun 16:** WPI inflation for May, by commerce and industry ministry.
- **Jun 16-18:** FDI equity inflow in April, by RBI.
- **Jun 16-20:** GSM mobile subscribers data for May, by COAI.
- **Jun 20:** CPI for rural and farm labourers for May, by Labour Bureau.
- **Jun 20-25:** Crude, refinery output for May, from petroleum ministry.

Source: NW18

### Global events week ahead

- **Jun 16:** BOJ Monthly Report, Europe CPI y/y, Europe Core CPI y/y, US Empire State Manufacturing Index, US TIC Long-Term Purchases, US Capacity Utilization Rate, US Industrial Production m/m, US NAHB Housing Market Index
- **Jun 17:** Italian Trade Balance, UK CPI y/y, UK PPI Input m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, US Building Permits, US Core CPI m/m, US CPI m/m, US Housing Starts
- **Jun 18:** Japan Monetary Policy Meeting Minutes, Japan Trade Balance, UK MPC Official Bank Rate Votes, US Current Account, US Crude Oil Inventories, US FOMC Economic Projections, US FOMC Statement, US Federal Funds Rate, US FOMC Press Conference
- **Jun 19:** UK Retail Sales m/m, Eurogroup Meetings, US Unemployment Claims, US Philly Fed Manufacturing Index
- **Jun 20:** German PPI m/m, BOJ Gov Kuroda Speaks, Europe Current Account, ECOFIN Meetings, Europe Consumer Confidence



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Seen rising this week on positive market sentiment**

Stocks of major automakers are likely to rise this week as the vehicle buying sentiment in the market has improved and the stocks are seen undervalued at current levels. Shares of Bajaj Auto, Mahindra & Mahindra and Hero MotoCorp are seen rising over the next two weeks. The positive sales in the market are expected to reflect in automobile shares and the outlook on the sector as a whole is positive with buying opportunities in most companies' shares. In May, domestic passenger car sales grew 3.1% on year to 148,577 units, while total passenger vehicle sales were up 2.8% to 207,953 units. Passenger vehicle sales in India have been falling every month on a year-on-year basis since December 2012, barring February 2014, when they were up 1.3%. Market sentiment has now changed and people have begun buying cars. A stable government at the Centre and the excise duty cut on automobiles has improved sentiment in the sector, will keep the rally going in automobile companies' shares in the near term.

### **Bank Sector – To trade with negative bias this week, WPI eyed**

Banking shares are seen trading with a negative bias this week, in line with the broader market, due to concerns over escalating tensions in Iraq and as financial stocks consolidate further. US President Barack Obama has warned of a possible military action if the situation worsens. Traders will also take cues from the rupee, which is likely to weaken against the US dollar and therefore dent gilt yields and bank profits in turn. We expect selling in bank stocks as most traders and investors would take fresh positions in defensives like IT and pharma sectors. Market players would also eye reading of Wholesale Price Index-based inflation data for May, due for release on Jun 16. Shares of banks may see some support after Life Insurance Corp of India said it is positive on bank stocks. LIC has invested around 40 bln rupees in shares of State Bank of India in Apr-May. LIC's total equity investment is seen close to 3.5 trln rupees, spread over 800 listed firms, and nearly 25% of this exposure is in banks.

### **Capital Goods Sector – Seen range-bound with a negative**

Shares of capital goods is seen range-bound with a negative bias this week on account of profit-booking as business orders for the sector continue to remain muted. Investors are bearish on shares of Bharat Heavy Electricals; the rally in the stock is overdone. Friday, the stock closed at 237.75 rupees, down 2.4%, on the National Stock Exchange. Other stocks, such as capital goods and infrastructure major Larsen & Toubro, are also seen erasing the gains they had accumulated in the past few weeks. Friday, L&T shares ended at 1,685.95 rupees, down 2%, on the NSE.

### **Cement Sector – To follow market trend; bias negative**

Stocks of major cement companies are expected to follow the broader market this week in the absence of a sector specific trigger. The bias though is likely to be slightly negative with the advent of monsoon rains. Global developments will be key for Indian share indices as geopolitical tensions in Iraq triggered a selloff across global equities. Market players will also take cues from the outcome of US Federal Open Market Committee's two-day policy meeting on Jun 17 -18. The week will begin with the release of Wholesale Price Index-based inflation data for May on Jun 16. Cement demand is usually low during monsoon and that will reflect on stocks of cement companies too. The top three cement manufacturers UltraTech, ACC and Ambuja Cement have already raised product prices in the range of 10-60 rupees per bag. The price hike in southern India, particularly Andhra Pradesh, is high at 50-60 rupees per bag, while the rise was in the range of 10-15 rupees in the rest of the country.

### **FMCG Sector – In range this week on delayed monsoon concerns**

Stocks of fast moving consumer goods companies are seen rangebound in the week ahead on the back of a delayed monsoon. As the monsoon is delayed, rural demand is likely to slow down in the next few months, industry players are upbeat as they see demand growing with economic growth gathering pace, and on the new government's inflation control focus. A check on inflation will mean that people have more money in their hands, and this could be the biggest demand driver for premium products in the FMCG sector.

### **IT Sector – To consolidate this week; rupee movement eyed**

The movement of the rupee against the dollar will set the trend for information technology shares this week. Friday, the rupee weakened against the dollar and ended at a one-month closing low, amid rising tensions in Iraq. The Indian unit



ended at 59.76 a dollar, down 46 paise from 59.30 close Thursday. Intraday, it touched one-month low of 59.80. The currency movement is crucial for information technology companies, as they heavily depend on overseas markets for a major chunk of their revenues. Therefore, if the rupee rises, it hurts these companies. Tata Consultancy Services' Chief Financial Officer Rajesh Gopinathan said in a conference call that its earnings before interest and tax margin are likely to fall by 300 basis points in Apr-Jun due to the recent appreciation in the rupee. Amid the weakness in the market, information technology companies witnessed heavy buying this week as investors chose to churn portfolios to defensive bets. The star of the week in the pack was HCL Technologies that rallied over 8%, but what stole the limelight was Infosys, which ended speculations by announcing key changes in top management. The Bengaluru-based software major appointed Vishal Sikka as new chief executive officer and managing director and this move has been viewed as a positive one by the Street, as it is confident on Sikka's capabilities to bring the company back to stability.

### **Oil Sector – PSUs may fall more this week; crude prices key**

Shares of oil-marketing companies may fall further this week after the companies led by public sector oil retailers suffered losses in Friday's trade. Share prices of oil-marketing companies took a hit as crude oil prices rose to a nine-month high due to escalating geopolitical tensions in Iraq. Shares may remain weak if the situation in Iraq does not improve, which may affect oil supply from the country. US President Barack Obama warned of a possible military intervention if the situation in Iraq deteriorates. However, the fall in the scrips of Indian Oil Corp, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd may be cushioned if they raise prices of petrol over the weekend. Shares of private upstream companies Reliance Industries and Cairn India may gain with the expected rise in global crude oil prices. State-owned exploration companies Oil and Natural Gas Corp and Oil India may not be able to gain from the rise in crude prices on fears that it could also translate to a higher share in their subsidy burden.

### **Pharma sector – To be range-bound with positive bias this week**

Shares of major pharmaceutical stocks are likely to move in a narrow range this week, but may hold a positive bias if broader markets moves down due to defensive buying. The broader market is expected to take cues from the WPI inflation rate for May that will be released on Jun 16. If shares of banking, auto, and infrastructure companies portray downward movement this week, we can expect to see buying in pharma stocks.

### **Metal Sector – Profit-booking to continue amid positive bias**

Shares in the metal space are expected to move in tandem with the broader market and see profit-booking this week, amid rising tensions in Iraq. However, like for the market, the underlying bias for metal shares remains positive. On Thursday, a subsidiary of Jindal Steel and Power, Wollongong Coal, terminated its coal purchase agreement with Gujarat NRE Coke due to non-payments. On the same day, Steel Minister Narendra Singh Tomar approved a 17% wage hike for 85,000 employees of state-owned Steel Authority of India Ltd. The report said that the immediate outgo will be over 23 bln rupees, including arrears. SAIL has already made the required provisions for paying out majority of the arrears. On that very night, SAIL's Bhilai plant witnessed a gas leakage, leading to the death of six employees and injury to 46. The company said that the unit is more or less running normally with only a few units being affected by the accident. The Supreme Court-appointed committee's comments on penalties imposed by the Odisha government are a positive for Tata Steel. For, this will provide relief to investors worried about large cash outflow from the company, estimated at 60 bln rupees, and delay in renewal of mining leases. The panel had said that the amount could be cut to around 18 bln rupees instead. The central empowered committee will submit its report by July to the Supreme Court, which will hear the case again in August.

### **Telecom Sector – Some seen gaining, rest range bound this week**

Major telecom stocks are expected to have a good run this week with the government indicating speeding up of policy decisions in the sector. Reliance Communications is likely to gain because of its decision to expand 3G network across the country. Bharti Airtel and Idea Cellular are expected to remain range bound. Reliance Communications will expand 3G services to five more circles, taking its 3G services footprint to 18 circles. The indication by the new government to allow spectrum sharing is likely to give positive impetus to the sector. However, the approval for full number portability by the Telecom Commission is likely to be a dampener, as only larger telecom operators have benefitted from it. The Telecom Commission Friday gave in-principle approval for full mobile number portability.



### Market Range for Week 7300- 7750

Nifty	Values
Support 1	7480
Support 2	7380
Support 3	7350
Resistance 1	7580
Resistance 2	7650
Resistance 3	7750

**Resistance** – Nifty facing Resistance level @7580 level above this level it may go up to @7650 &@ 7750 level.

**Support** - Support comes for market @7480 level for Nifty; below this level Nifty next support @7380 and @7350 will be the major support for market.

**Technical** – Last week Nifty opened at 7621 & it made a high of 7700. Last week we have seen some profit booking from higher level. Nifty made a low of 7525 & closed at 7542. Last week Nifty drags 175 points from its high & on weekly basis it closed at 41 points lower. Sensex made a weekly high of 25725 & a low of 25171 almost it drags 554 points in the week from its high. So overall last week we have seen some profit booking.

**For the coming week the market range we expect 7380-7750**

#### Weekly Chart View –

Last week we had expected market range (7380-7800) market made a high of 7700 & low of 7525, so overall it holds our both side range.

In last week report we had mentioned on daily chart market was above upper line of channel & on weekly chart had cover bear candle, because of that we had mentioned above 7585-7610 we can see move upmove & all we have seen same, but from higher level we have seen seeling also. Now on daily chart we can see bearish candle but near to lower line of channel. On weekly chart market fail to cross upper line of channel. So overall from here 7680-7710 will be major resistance for market for further up side move market need to close above that level & below 7520 we can see some more pressure up to 7450-7420-7380.

#### Weekly Chart





### Weekly Sectoral Technical Outlook

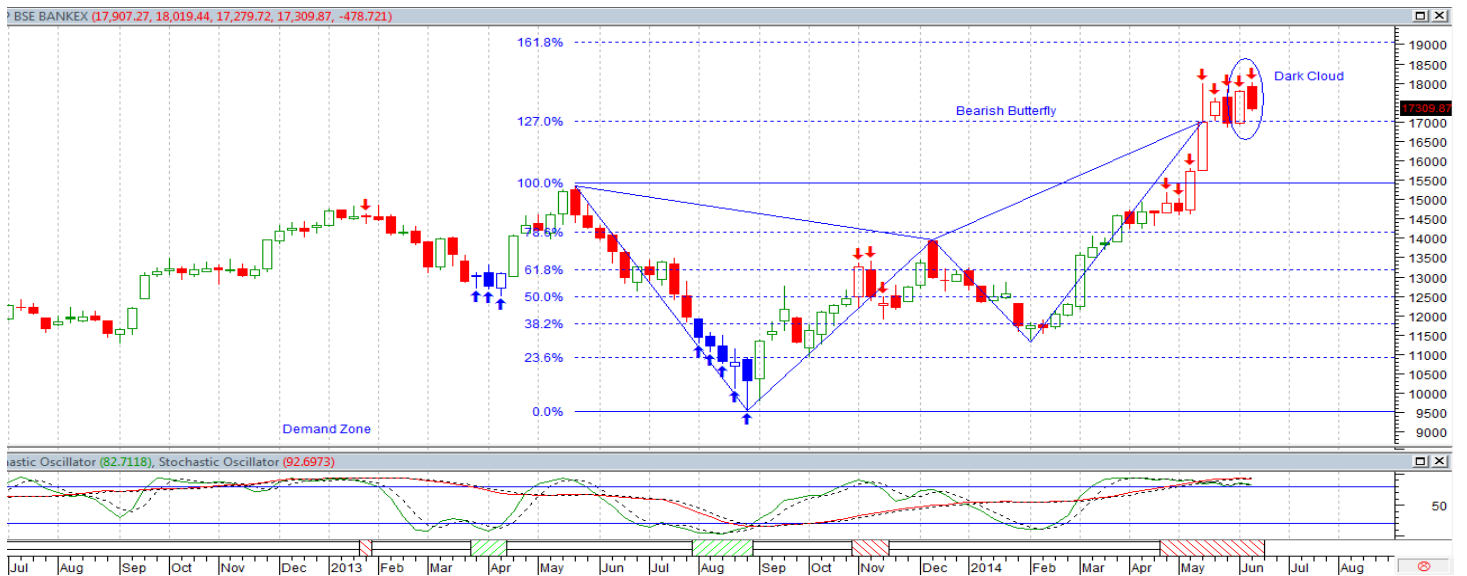
<b>BSE Auto Index</b>	<b>CMP: 15195</b>
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**BSE Auto**

The current price action has formed a Doji candlestick pattern which suggests indecisiveness prevailing at current level. Further, on the daily chart it has formed a bearish engulfing pattern. The said pattern will get activated once this sector trades and close below 15156. Any move above 15581 would negate the pattern. Hence we are of the opinion that those long in this sector can book partial profit and can trial the stop loss to 15150 levels.

<b>BSE Bankex</b>	<b>CMP: 17309</b>
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**BSE Bankex**

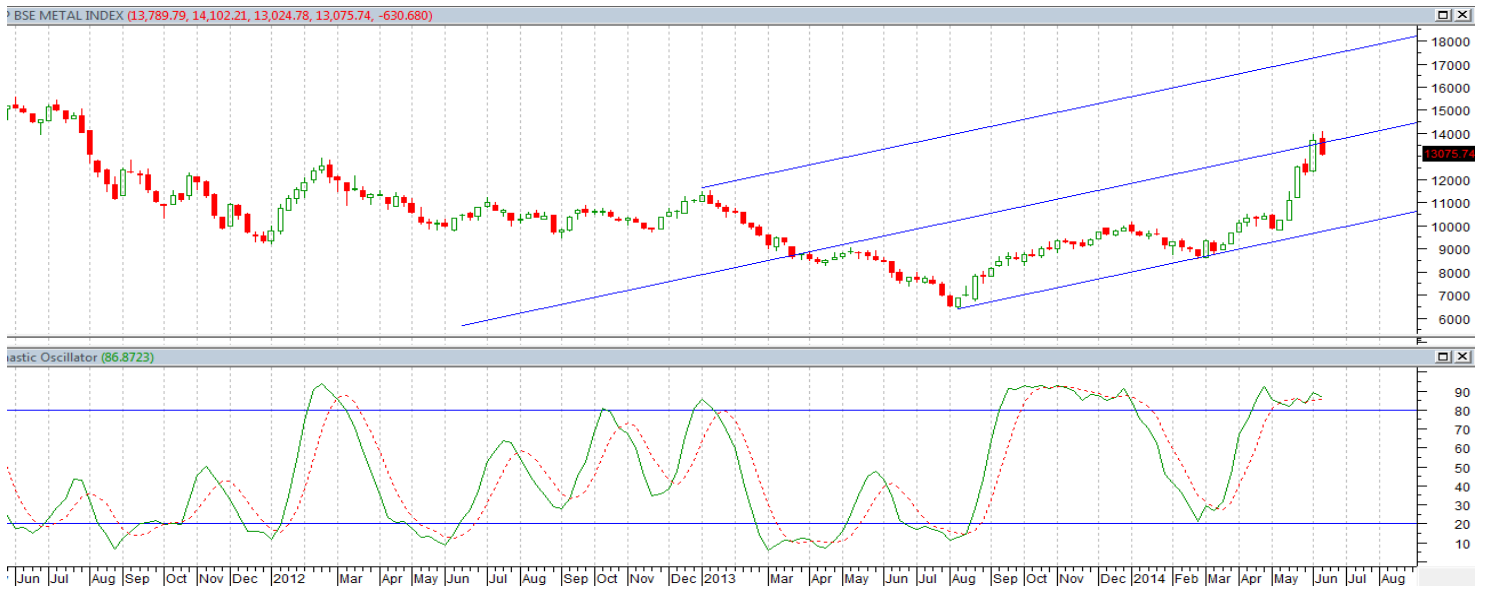
The current price action has formed a candlestick pattern that resembles a bearish dark cloud. The said pattern will get activated once prices trades and close below 17279. Any move above 18019 will negate the pattern. Hence, we are of the opinion that those long in this sector can maintain a stop loss of 17270 levels.





**BSE Metal Index**

**CMP: 13075**

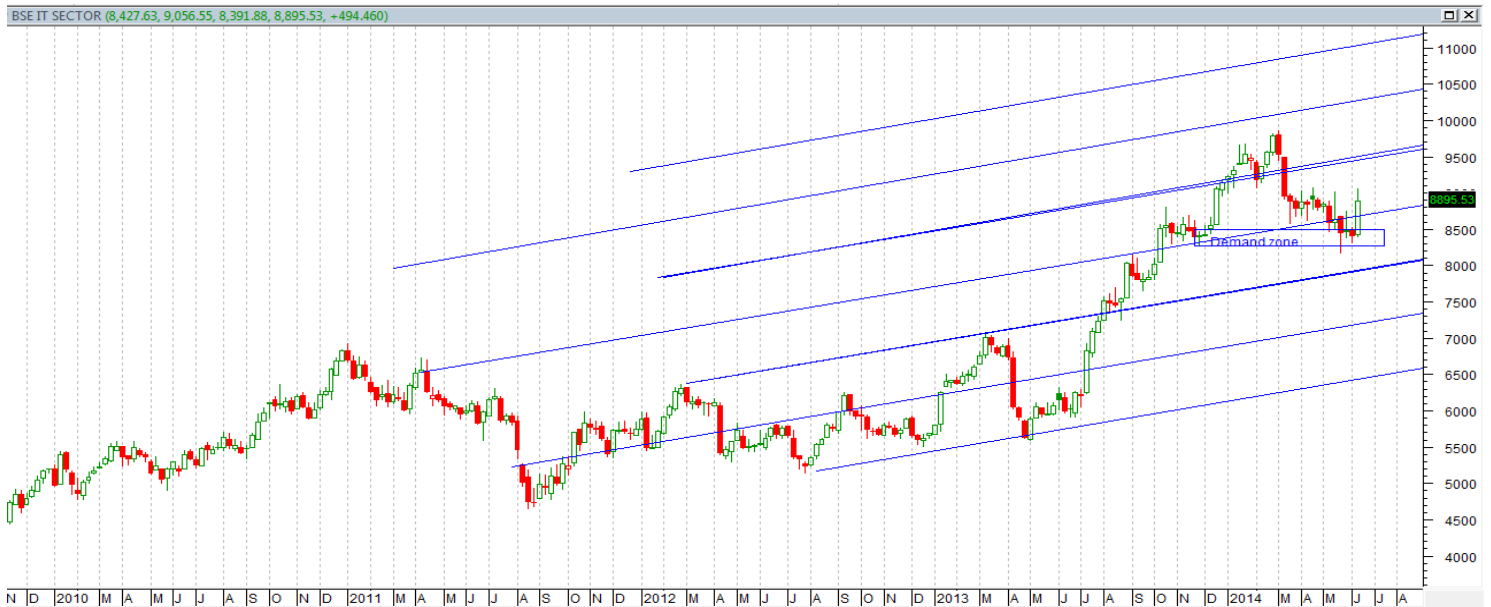


**BSE Metal Index**

The current price action gives no clear indication of weakness. We maintain our stance that those long in this sector should trail the stop loss to 12270 levels.

**BSE IT**

**CMP: 8895**



**BSE IT**

The current price action has bounced back strongly from the demand zone shown above in the graph. We maintain our stance that one can initiate a long above 8744 with a stop loss of 8350 for a target of 8900 – 9200 – 9500 levels.



## Weekly Technicals of Key Companies –

Company	Closing 13-Jun-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1474.75	1480.45	1519.80	1564.85	1435.40	1396.05
AMBUJACEM	222.90	229.33	237.37	251.83	214.87	206.83
ASIANPAINT	542.20	534.77	562.43	582.67	514.53	486.87
AXISBANK	1818.00	1872.77	1934.83	2051.67	1755.93	1693.87
BAJAJ-AUTO	2170.70	2147.67	2251.03	2331.37	2067.33	1963.97
BANKBARODA	840.85	865.30	893.55	946.25	812.60	784.35
BHARTIARTL	333.30	343.02	356.78	380.27	319.53	305.77
BHEL	237.75	245.73	258.27	278.78	225.22	212.68
BPCL	569.75	586.67	618.13	666.52	538.28	506.82
CAIRN	365.20	369.75	381.45	397.70	353.50	341.80
CIPLA	414.10	409.42	425.58	437.07	397.93	381.77
COALINDIA	389.35	399.70	413.35	437.35	375.70	362.05
DLF	204.90	216.98	230.87	256.83	191.02	177.13
DRREDDY	2445.15	2411.88	2488.77	2532.38	2368.27	2291.38
GAIL	415.45	423.43	433.02	450.58	405.87	396.28
GRASIM	3535.15	3581.38	3742.77	3950.38	3373.77	3212.38
HCLTECH	1438.95	1403.98	1479.97	1520.98	1362.97	1286.98
HDFC	979.70	965.03	999.67	1019.63	945.07	910.43
HDFCBANK	835.40	833.80	857.60	879.80	811.60	787.80
HEROMOTOCO	2592.05	2642.70	2707.15	2822.25	2527.60	2463.15
HINDALCO	162.35	164.83	171.17	179.98	156.02	149.68
HINDUNILVR	634.95	632.65	646.30	657.65	621.30	607.65
ICICIBANK	1428.35	1453.88	1486.17	1543.98	1396.07	1363.78
IDFC	128.15	131.87	136.43	144.72	123.58	119.02
INDUSINDBK	536.65	547.33	560.97	585.28	523.02	509.38
INFY	3187.00	3153.38	3330.67	3474.33	3009.72	2832.43
ITC	332.60	334.65	338.80	345.00	328.45	324.30
JINDALSTEL	322.95	328.27	345.68	368.42	305.53	288.12
KOTAKBANK	916.95	915.98	950.47	983.98	882.47	847.98
LT	1685.95	1667.18	1795.37	1904.78	1557.77	1429.58
LUPIN	983.40	977.30	1000.60	1017.80	960.10	936.80
M&M	1228.85	1229.45	1254.40	1279.95	1203.90	1178.95
MARUTI	2403.35	2428.80	2470.55	2537.75	2361.60	2319.85
MCDOWELL-N	2782.50	2785.83	2871.67	2960.83	2696.67	2610.83
NMDC	176.15	181.78	188.37	200.58	169.57	162.98
NTPC	153.35	157.43	163.37	173.38	147.42	141.48
ONGC	422.65	433.53	460.97	499.28	395.22	367.78
PNB	954.90	979.83	1014.27	1073.63	920.47	886.03
POWERGRID	133.40	134.72	141.28	149.17	126.83	120.27
RELIANCE	1081.90	1095.77	1118.83	1155.77	1058.83	1035.77
SBIN	2607.90	2651.80	2717.60	2827.30	2542.10	2476.30
SSLT	289.60	295.55	306.90	324.20	278.25	266.90
SUNPHARMA	629.70	620.55	647.65	665.60	602.60	575.50
TATAMOTORS	438.25	442.88	450.77	463.28	430.37	422.48
TATAPOWER	103.65	107.15	112.10	120.55	98.70	93.75
TATASTEEL	525.55	543.13	562.32	599.08	506.37	487.18
TCS	2213.55	2182.52	2285.03	2356.52	2111.03	2008.52
TECHM	2021.35	1988.18	2081.37	2141.38	1928.17	1834.98
ULTRACEMCO	2768.00	2771.68	2843.32	2918.63	2696.37	2624.73
WIPRO	530.40	524.33	543.57	556.73	511.17	491.93

Source: Iris Software



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