

## Key developments during the week

- Economy secretary says FY16 CAD seen around 1-1.3% of GDP
- Finance minister says to push development without compromising on FY16 fiscal aim
- India Dec WPI inflation rate at (-)0.73% from (-)1.99% in Nov
- India Dec CPI Combined inflation at 5.61% vs 5.41% in Nov
- India Nov IIP growth falls to 4-year low of (-)3.2% from 9.8% MoM
- Jaitley says committed to fiscal discipline, growth to accelerate
- Jayant Sinha says will be able to sustain India's growth for long time
- Jayant Sinha says FY17 Budget to be presented on Feb 29
- PM urges South Korea companies to up investment in Indian manufacturing sector
- Cabinet approves setting up of secretary panel on 7th pay panel view
- Economy secretary says banks to soon issue next set of sovereign gold bonds
- Aviation minister says talking to all states to cut VAT on jet fuel
- Moody's says see India among world's fastest growing major economies '16
- Economy secretary says Asia Infra Bank to be source of funding for India projects
- Govt seeks to amend act for transfer of non-auctioned captive mines
- SIAM says expect FY16 passenger vehicle sales growth to cross 10%
- Jaitley says Indian economy showing signs of revival
- India Dec passenger car sales 172,671 units, up 12.9% YoY
- Cabinet approves new crop insurance scheme

INDEX	15-Jan-16	08-Jan-16	Change (in %)
NIFTY	7437.80	7601.35	-2.15
SENSEX	24455.04	24934.33	-1.92
NSE 500	6262.40	6490.85	-3.52
NSE MIDCAP	3047.25	3361.95	-9.36
NIFTY JUNIOR	18535.45	19598.75	-5.43
BSE SMALLCAP	10782.88	11651.97	-7.46
BSE 200	3151.19	3254.54	-3.18

INDEX	15-Jan-16	08-Jan-16	Change (in %)
BSE AUTO	16946.46	17383.93	-2.52
BSE BANK	17237.65	18368.46	-6.16
BSE CAPITAL GOODS	12401.61	13287.13	-6.66
BSE CD	11634.06	12030.41	-3.29
BSE FMCG	7448.28	7580.98	-1.75
BSE HEALTHCARE	15651.12	16277.75	-3.85
BSE IT	10880.65	10776.97	0.96
BSE METALS	6741.65	7123.44	-5.36
BSE OIL AND GAS	9396.73	9571.69	-1.83
BSE PSU	6223.40	6600.87	-5.72
BSE REALTY	1216.92	1319.32	-7.76
BSE TECK	5852.07	5862.10	-0.17

INDEX	15-Jan-16	08-Jan-16	Change (in %)
DOW JONES	15988.08	16346.45	-2.19
HANG SENG	19520.77	20453.71	-4.56
NIKKEI	17147.11	17697.96	-3.11
FTSE	5804.10	5912.44	-1.83

## Domestic events week ahead

- **Jan 18-20:** Major port traffic in Apr-Dec, by Indian Ports Association
- **Jan 20:** CPI for rural and farm labourers for December, by Labour Bureau
- **Jan 20-22:** Crude, refinery output for December, from petroleum ministry

Source: Cogencies

## Global events week ahead

- **Jan 18:** Japan Industrial Production, German Buba Monthly Report
- **Jan 19:** China GDP, China Industrial Production, Europe Current Account, UK CPI and PPI, Europe German ZEW Economic Sentiment
- **Jan 20:** UK Claimant Count Change, UK Unemployment Rate, US Building Permits, US CPI and core CPI, US Housing Starts, US Crude Oil Inventories
- **Jan 21:** Europe CPI, Europe Minimum Bid Rate, ECB Press Conference, US Philly Fed Manufacturing Index, US Unemployment Claims
- **Jan 22:** Japan Flash Manufacturing PMI, Europe Flash Manufacturing and Services PMI, UK Retail Sales, US Flash Manufacturing PMI, US Existing Home Sales



## Weekly Sector Outlook and Stock Picks

### **Auto Sector – Seen taking cues from broader markets**

Stocks of major auto companies are likely to follow the trend in the broader market, and may fall in tandem if the Nifty 50 were to witness further weakness. Shares of all major stocks fell further this week, closing down in the range of 2-6%. Friday, the Nifty 50 closed down over 2% on a weekly basis, while the CNX Auto Index was down 2.5%. A worrying element this week will be the value of the rupee against the dollar, especially due to auto makers' falling exports. The Indian currency has depreciated by over 2.7% against the dollar since the beginning of the month, due to devaluation of the Chinese yuan, and global risk aversion based on concerns over China's slowing economy. A rebound in the market, if any, will hinge on corporate earnings for the December quarter. Most auto companies, excluding two-wheeler makers, are expected to churn out positive numbers, aided by falling commodity prices which will prop up margins.

### **Bank Sector – Negative bias to continue; Oct-Dec results eyed**

Bank stocks are likely to continue their downward journey and trade with a negative bias this week, tracking the broader market trend. The significant build-up of short positions in January futures of Nifty Bank indicates that the bearish trend will continue. Sell-off in global equities triggered by renewed pressure on crude oil prices and continuing concerns over a slowdown in China pulled down benchmark indices Nifty 50 and Sensex by over 1% to a 19-month low on Friday, apart from broader indices, bank stocks are also falling on worries over slowdown in China, as it will impact sectors such as metals and infrastructure, where lenders have exposure. In the context of the whole NPA (non-performing assets) issue, this could be more troublesome for banks. Significant rise in bad loan ratios has been exerting pressure on profitability of banks, especially on those from the public sector space. The Reserve Bank of India has set a deadline of March 2017 for banks to clean up their books. The stock-specific action can be seen in Kotak Mahindra Bank Axis Bank, South Indian Bank and Lakshmi Vilas Bank as they will detail their Oct-Dec earnings.

### **Capital Goods Sector – Seen extending losses this week**

Shares of most capital goods companies are seen extending losses this week in anticipation of another weak earnings season. However, few companies like Larsen & Toubro may see shares recovering towards the end of the week. Shares of L&T fell around 6% through the week, while BHEL fell a massive 12%. The recent downward rally of L&T shares in the past couple of weeks has resulted in significant correction in valuations. BHEL has high exposure to power sector, where no new orders are visible, will continue to be a drag on the stock as well as the earnings of the company.

### **Cement Sector – Seen continuing fall this week on weak demand**

Shares of cement manufacturing companies are expected to continue their fall this week, owing to persistently weak demand for building material all across the country. Cement demand has remained weak, rising merely 2% in 2016 so far, due to successive droughts in the country that have impacted rural cement demand, while urban demand remains weak on account of low construction activity. The average capacity utilisation at cement plants is 75% in north India, 54% in south India, and around 70% in the country overall, which indicates weak demand, and some cement companies could gain when demand revives.

### **FMCG Sector – Seen down this week, ITC earnings eyed**

Shares of fast-moving consumer goods companies are seen trading lower this week as weak earnings of Hindustan Unilever Ltd in Oct-Dec will weigh on all consumer stocks. ITC Ltd is expected to announce its Oct-Dec results this week. HUL reported a 6% growth in volume after the company passed on the benefits of lower commodity costs to the consumers. Also, an increasing market share Patanjali Ayurveda at the expense of established players could weigh on the sentiment. In a media conference call, HUL said competition helps keep the company on its toes and to beat competition, it has increased advertising spending in the December quarter. ITC is expected to announce its earnings on Jan 22. Asian Paints Ltd is expected to announce its Oct-Dec earnings on Jan 18.

### **IT Sector – Seen stock-specific movement; Oct-Dec earnings in focus**

Movement in information technology sector is expected to be stock-specific this week, with two large-cap companies posting Oct-Dec earnings. Wipro Ltd and HCL Technologies Ltd will detail their earnings for Oct-Dec on Jan 18 and Jan 19 respectively. After a mixed Oct-Dec performance of two peers, numbers of HCL Technologies and Wipro will become



key for investors looking to take informed decisions. While Tata Consultancy Services disappointed the market with lower-than-expected performance, Infosys surpassed market expectations and also raised its sales growth guidance for the financial year. All eyes will be on Wipro as the company recently announced changes in top management. Market participants expect a change in the company strategy. Wipro is likely to report a consolidated net profit of 22.29 bn rupees for Oct-Dec, flat on quarter. HCL Technologies is likely to report 1% sequential decline in Oct-Dec consolidated net profit to 18.04 bn rupees. Among mid-caps, Mindtree Ltd and KPIT Technologies Ltd will announce their Oct-Dec results on Jan 18 and Jan 20 respectively. MindTree is likely to report a 2% sequential decline in consolidated net profit to 1.56 bn rupees and 3% rise on quarter to 11.99 bn rupees in Oct-Dec. The company will also consider issuing bonus shares on Jan 18. Rupee depreciation is seen adding a positive sentiment to the sector.

### **Oil Sector – Crude price fall to help refiners; RIL top pick**

Shares of crude oil refining companies are likely to trade with a positive bias as the unimpeded fall in oil prices is expected to further boost their refining margins. However, equity markets at home and abroad continue to bleed, casting a shadow on these stocks. Reliance Industries remains the top pick as the stock has managed to hold on to gains in a weak market and due to expectations of an impressive Oct-Dec showing led by strong gross refining margins and better performance in the petrochemicals segment. RIL gets over 70% of its topline from its refining business. The company is slated to announce its Oct-Dec earnings on Jan 19. On the other hand, upstream oil players like ONGC, Cairn India and Oil India may continue to receive drubbing in the near term with crude oil prices hitting fresh multi-year lows. Apart from the global crude oil prices, oil stocks are likely to be guided by the broader market and news flow. RIL's earnings will guide the performance of the company stock, and may have some impact on the market as well. Gains for other refiners may be capped due to concerns over inventory losses, especially for IOC and HPCL as a sharp fall in oil prices may reduce the value of their stored products and raw material. BPCL is likely to fare better on the inventory management front. The cut in petrol prices by the three state-owned oil retailers followed by a hike in excise duty on the two fuels by the government may have some sentimental impact on their stocks.

### **Pharma Sector – Subdued on weak broader market; earnings awaited**

Shares of pharmaceutical companies may remain under pressure this week given the overall weakness in broader markets, and because the overhang of regulatory issues continues. Sharp fall in crude oil prices and concerns over Chinese economy have dampened investor sentiment in global markets, which in turn is weighing on domestic equities. Although pharma is considered a defensive sector, it has not been immune to the recent sell off with the Nifty pharma index falling 2% on week. Moreover, regulatory issues have plagued a number of Indian pharma companies, including Dr Reddy's Laboratories, Sun Pharmaceutical, Cadila Healthcare, Wockhardt, and Ipca Laboratories. Investors are now waiting for Oct-Dec financial results for fresh cues. Wockhardt shares, which fell 15% on news of its Shendra unit getting a Form 483 from the US Food and Drug Administration is likely to remain subdued this week. Another company facing regulatory concerns is Marksans Pharma as the UK Medicines and Healthcare Products Regulatory Agency has made certain observations on its key Goa unit after an inspection in November.

### **Metal Sector – Seen subdued this week on muted demand, prices**

Shares of metals and mining companies are seen subdued this week due to lack of sector-specific triggers and continued weakness in global demand and prices. The metal stocks are likely to be affected by the overall market sentiment which remains weak. There has been no announcement made by the government to put a floor price for steel and steel products imported in India despite several reports saying that it is right around the corner for weeks. It has already announced a safeguard duty of 20% on Chinese steel but market participants had said setting minimum import price is a long term solution to control quality and a better alternative. The continuous fall in base metal prices is also likely to weigh further on metal companies like Vedanta and Hindalco. Nifty Metal index declined more than 7% on week.

### **Telecom Sector – Broader market fall to pull down Bharti Airtel, Idea**

Taking a cue from the broader markets, shares of major telecom companies, including sector behemoth Bharti Airtel, are seen trading weak this week. French telecom firm Orange has said it will acquire Bharti Airtel subsidiaries in Burkina Faso and Sierra Leone, a move that could help the company cut losses in Africa due to foreign currency fluctuations. Idea Cellular Ltd launched its high-speed 4G LTE services across three more telecom circles Madhya Pradesh and Chhattisgarh, Haryana, and Punjab. By the end of January, the company expects to launch services across 183 towns.



**Market range for the week 7180- 7650**

Nifty	Values
Support 1	7380
Support 2	7320
Support 3	7220
Resistance 1	7490
Resistance 2	7550
Resistance 3	7620

**Resistance** – Nifty may face resistance at 7490 level above this level it may go up to 7550-7620 level.

**Support** - Nifty has support at 7380 level below this next support at 7320-7220 levels.

**Technical** – During the week, CNX Nifty opened at 7527.45 and touched the highest level of 7605.10 and lowest level of 7425.80. The CNX Nifty ended at 7437.80; drag 163.55 points or 2.15%. The S&P BSE Sensex opened at 24787.11 and touched the highest level of 25018.46 and lowest level of 24387.69. The S&P BSE Sensex closed at 24455.04; drag 479.29 points or 1.92%.

*For the coming week, we expect the market range of 7180-7650.*

**Weekly Chart View –**

We had mentioned in last week’s report that on the daily as well as on weekly chart we witness “Bearish candle”,because of that we had mentioned below 7550-7520 we can see more pressure and all we have seen same. Now on daily chart Nifty in lower low formation and on weekly chart below 100WMA.So overall from here below 7420-7410 we can see more pressure up to 7320-7250 and upside remain 7580-7620 will be major resistance for Nifty.

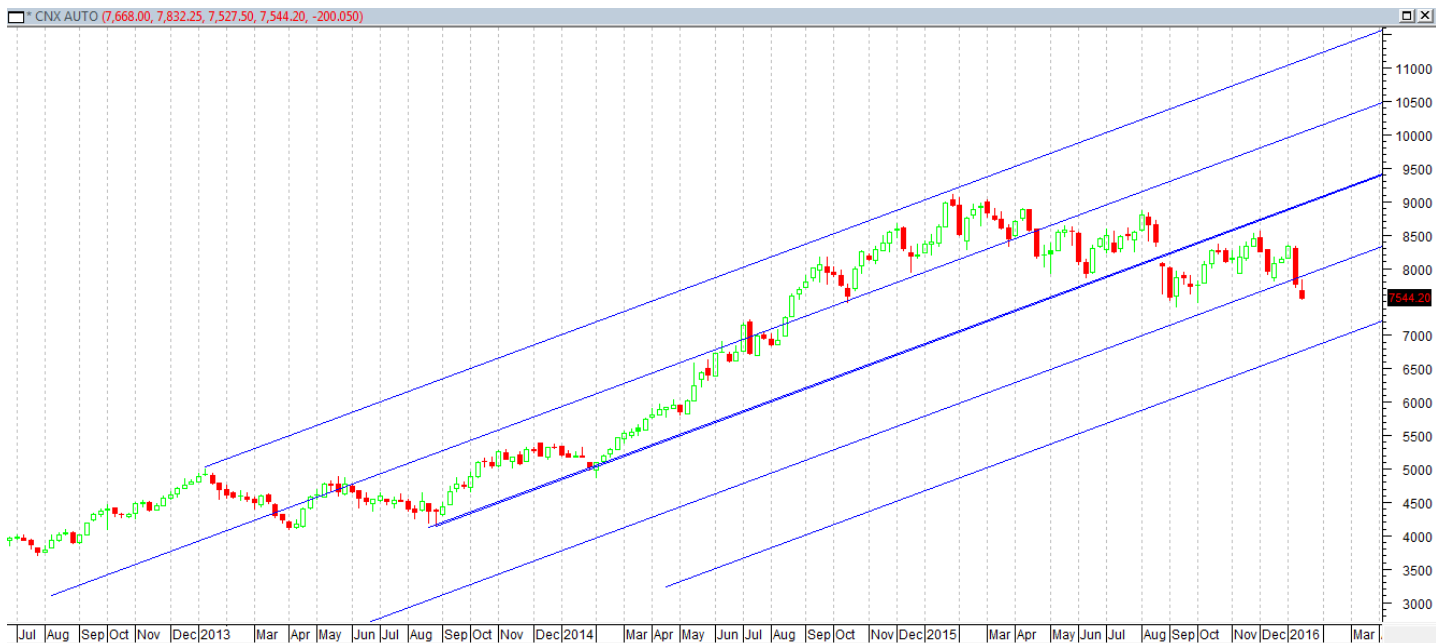
**Weekly Chart**





### Weekly Sectoral Technical Outlook

<b>NSE Auto Index</b>	<b>CMP: 7544</b>
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**NSE Auto**

At present, we are observing that prices for second consecutive week have closed below the median line of the first channel. This suggests weakness. On the downside it can test 7300 – 7150 levels. Hence one should avoid this sector.

<b>NSE Bankex</b>	<b>CMP: 15206</b>
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**NSE Bankex**

The current price action has closed below the median line of the first channel this suggests weakness. On the downside it can test 14700 – 14000 levels. Hence, one should avoid this sector



**NSE Metal Index**

**CMP: 1624**



**NSE Metal Index**

We still maintain our bearish stance on the sector. At present, the pullback rally has ended and the downtrend has resumed its course. Hence, one should avoid this sector at present.

**NSE IT**

**CMP: 10994**



**NSE IT**

The current price action has breached the demand zone but has closed within it. However, there is no clear indication to go long on this sector. Hence, one should stay on the sidelines and wait for a positive pattern to emerge.





## Weekly Technicals of Key Companies –

Company	Closing 15-Jan-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1229.60	1251.95	1280.65	1331.70	1200.90	1172.20
ADANI PORTS	218.25	225.08	233.67	249.08	209.67	201.08
AMBUJACEM	193.90	195.30	198.10	202.30	191.10	188.30
ASIANPAINT	879.25	875.43	900.82	922.38	853.87	828.48
AXISBANK	374.25	388.88	408.77	443.28	354.37	334.48
BAJAJ-AUTO	2322.15	2341.02	2369.03	2415.92	2294.13	2266.12
BANKBARODA	126.15	130.38	136.17	146.18	120.37	114.58
BHARTIARTL	306.10	310.68	320.87	335.63	295.92	285.73
BHEL	136.40	141.57	148.03	159.67	129.93	123.47
BOSCHLTD	17867.50	17934.47	18236.23	18604.97	17565.73	17263.97
BPCL	932.55	915.85	963.70	994.85	884.70	836.85
CAIRN	119.60	123.28	128.97	138.33	113.92	108.23
CIPLA	609.10	607.53	618.97	628.83	597.67	586.23
COALINDIA	318.55	317.00	323.40	328.25	312.15	305.75
DRREDDY	2935.90	2927.97	3001.93	3067.97	2861.93	2787.97
GAIL	335.85	348.08	362.57	389.28	321.37	306.88
GRASIM	3503.70	3531.13	3623.27	3742.83	3411.57	3319.43
HCLTECH	838.05	826.03	854.02	869.98	810.07	782.08
HDFC	1149.80	1155.53	1167.92	1186.03	1137.42	1125.03
HDFCBANK	1042.15	1047.68	1058.37	1074.58	1031.47	1020.78
HEROMOTOCO	2427.75	2454.32	2498.43	2569.12	2383.63	2339.52
HINDALCO	71.80	73.87	76.58	81.37	69.08	66.37
HINDUNILVR	804.25	806.27	835.88	867.52	774.63	745.02
ICICIBANK	224.45	230.03	238.32	252.18	216.17	207.88
IDEA	112.75	118.93	126.37	139.98	105.32	97.88
INDUSINDBK	921.55	923.80	942.50	963.45	902.85	884.15
INFY	1139.90	1111.58	1192.32	1244.73	1059.17	978.43
ITC	313.90	314.68	319.62	325.33	308.97	304.03
KOTAKBANK	675.60	683.78	696.57	717.53	662.82	650.03
LT	1107.90	1135.97	1171.93	1235.97	1071.93	1035.97
LUPIN	1701.10	1687.37	1738.73	1776.37	1649.73	1598.37
M&M	1177.20	1181.42	1210.23	1243.27	1148.38	1119.57
MARUTI	4273.35	4243.45	4369.90	4466.45	4146.90	4020.45
NTPC	136.45	139.68	143.72	150.98	132.42	128.38
ONGC	219.45	221.10	225.60	231.75	214.95	210.45
PNB	92.20	95.90	100.55	108.90	87.55	82.90
POWERGRID	139.10	141.38	144.47	149.83	136.02	132.93
RELIANCE	1073.30	1058.02	1105.03	1136.77	1026.28	979.27
SBIN	184.30	190.93	200.87	217.43	174.37	164.43
SUNPHARMA	787.10	790.28	801.47	815.83	775.92	764.73
TATAMOTORS	341.30	350.15	360.95	380.60	330.50	319.70
TATAPOWER	61.75	63.77	66.23	70.72	59.28	56.82
TATASTEEL	229.70	237.70	247.30	264.90	220.10	210.50
TCS	2261.10	2298.37	2346.73	2432.37	2212.73	2164.37
TECHM	520.55	514.85	535.65	550.75	499.75	478.95
ULTRACEMCO	2618.20	2645.73	2710.47	2802.73	2553.47	2488.73
VEDL	72.85	77.22	82.43	92.02	67.63	62.42
WIPRO	543.10	542.75	554.30	565.50	531.55	520.00
YESBANK	663.70	676.15	692.20	720.70	647.65	631.60
ZEEL	402.40	406.85	417.70	433.00	391.55	380.70

Source: Iris Software

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