

**Key developments during the week**

- Former RBI head D Subbarao slams Indian economic data quality, says hampers RBI policies
- Former governor Subbarao says RBI-govt policy friction "unhelpful"
- India Jun trade deficit at \$8.1 bln from \$10.8 bln YoY
- India Jun gold imports \$1.21 bln, down 38.5% YoY
- Govt assures LIC of stake cap leeway for SUUTI share bid
- India WPI inflation rises to 20-month high of 1.62% in Jun from 0.79% in May
- Govt official says 3.1 tn gold deposited under monetisation scheme
- Govt extends deadline for tax payment in income declaration scheme
- Govt asks oil PSUs to up subsidised kerosene price each month till April
- Road ministry source says in talks with World Bank for \$500 mln loan
- India Jun CPI Combined inflation at 22-month high of 5.77% from 5.76% in May
- India May industrial growth rose to 1.2% from (-) 1.3% in Apr
- Banking source says RBI keen to tighten NBFCs' deposit-taking norms
- India pharma market Jun sales up 6.4% on year at 84.6 bln rupees
- Govt source says may mull divestment in Coal India after share buyback
- India Jun passenger car sales 154,237 units, down 5.2% YoY
- SIAM says FY17 passenger vehicle sales may exceed 6-8% projection

INDEX	15-Jul-16	08-Jul-16	Change (in %)
NIFTY	8541.40	8323.20	2.62
SENSEX	27836.50	27126.90	2.62
NSE 500	7194.40	7039.40	2.20
NSE MIDCAP	3547.65	3533.95	0.39
NIFTY JUNIOR	21579.40	20999.25	2.76
BSE SMALLCAP	11979.69	11976.74	0.02
BSE 200	3624.89	3541.84	2.34

INDEX	15-Jul-16	08-Jul-16	Change (in %)
BSE AUTO	20423.77	19708.84	3.63
BSE BANK	21720.87	20634.46	5.27
BSE CAPITAL GOODS	15546.21	15157.56	2.56
BSE CD	12249.11	11974.04	2.30
BSE FMCG	8618.99	8543.91	0.88
BSE HEALTHCARE	16060.49	16039.84	0.13
BSE IT	10608.40	11000.49	-3.56
BSE METALS	9368.20	8649.31	8.31
BSE OIL AND GAS	10191.11	9956.99	2.35
BSE PSU	7078.96	6864.06	3.13
BSE REALTY	1588.74	1565.90	1.46
BSE TECK	5845.35	5962.52	-1.97

INDEX	15-Jul-16	08-Jul-16	Change (in %)
DOW JONES	18516.55	18146.74	2.04
HANG SENG	21659.25	20564.17	5.33
NIKKEI	16497.85	15106.98	9.21
FTSE	6669.24	6590.64	1.19

Domestic events week ahead

- **Jul 18-20:** Freight traffic of major ports in June, by IPA
- **Jul 18-20:** Foreign tourist arrivals in June, by tourism ministry
- **Jul 18-20:** Rail freight traffic for June, by rail ministry
- **Jul 18-20:** GSM mobile subscriber data for June, by COAI
- **Jul 20:** CPI for rural and farm labourers for June, by Labour Bureau
- **Jul 20-25:** Crude, refinery output for June, from petroleum ministry
- **Jul 21:** Rainfall for week to Jul 20, by IMD

Source: Cogencies

Global events week ahead

- **Jul 18:** US NAHB Housing Market Index
- **Jul 19:** UK CPI, UK PPI, Europe ZEW Economic Sentiment, US Building Permits, US Housing Starts
- **Jul 20:** Europe Current Account, UK Unemployment Rate, Europe Consumer Confidence, US Crude Oil Inventories
- **Jul 21:** UK Retail Sales, Europe Monetary Policy, ECB Press Conference, US Philly Fed Manufacturing Index, US Unemployment Claims, US Existing Home Sales
- **Jul 22:** Japan Flash Manufacturing PMI, Europe Flash Manufacturing PMI, Europe Flash Services PMI, US Flash Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto Sector – Bias positive on good rains, pay panel awards

Shares of major automobile companies are seen extending gains this week, aided by a good monsoon and expectations of a rise in demand following the implementation of the Seventh Pay Commission's proposals. Maruti Suzuki remains the pick of the auto stocks, given the company's strong product pedigree, a healthy order pipeline, and strong fundamentals. Currently, the company has a six-month waiting period for the Baleno hatchback and a seven-month one for its Vitara Brezza sports utility vehicle. Mahindra and Mahindra look strong, given the growth outlook of 10% for its tractor division. Tata Motors will remain in the range at least in the near term, especially in the absence of company-specific cues.

Bank Sector – Seen firm this week; private banks' results eyed

Shares of banks are seen trading with a positive bias this week, with markets eyeing cues from Apr-Jun earnings of some of the large private sector banks along with strong technical cues. The key stock specific triggers will emerge from the Apr-Jun performance of large private banks such as HDFC Bank, Kotak Mahindra Bank, Axis Bank, and Federal Bank this week. Among smaller private banks, Lakshmi Vilas Bank will declare their results while state-owned banks such as State Bank of Bikaner and Jaipur, and Vijaya Bank will also declare their numbers. The key trigger for state-owned banks will be the announcement of the first tranche of capital from the government, which they can leverage on to boost their growth for the rest of this financial year. Cogencis had reported that the government is likely to announce the first tranche of recapitalisation of public sector banks for 2016-17 (Apr-Mar). The budgeted allocation for this financial year is 250 bln rupees, and the first tranche is expected to be less than 200 bln rupees.

Capital Goods Sector – Seen in range in absence of triggers

Stocks of most capital goods companies are likely to trade within a range this week, in the absence of major cues in the short term, apart from the announcement of corporate earnings for Apr-Jun. The Apr-Jun earnings of major companies are lined up for the last week of July and early August. There might be some stock-specific movement with respect to Larsen & Toubro and Crompton Greaves. Close on the heels of the 17.5-mln-share initial public offering of L&T Infotech, engineering major Larsen & Toubro said it will sell 15% stake in subsidiary L&T Technology Services, in an initial public offering reportedly worth 7.5-10 bln rupees. With Crompton Greaves halting operations at its Mandideep manufacturing plant in Madhya Pradesh following torrential rains, shares of the company are seen under pressure this week. The management is confident that normalcy in operations will be restored in a short time, the Avantha group company said in a release. Shares of state-owned Bharat Heavy Electricals are likely to be weighed by a slower recovery in execution, an improved order outlook notwithstanding.

Cement Sector – UltraTech Apr-Jun earnings to dictate movement

UltraTech Cement's earnings for Apr-Jun, expected to be announced on Jul 19, are likely to dictate the movement of cement stocks in the week ahead, in the absence of other major triggers. The Mumbai-based cement company, one of the country's largest, is seen reporting a consolidated net profit of 7.55 bln rupees for Apr-Jun, up 28% on year. Currently, cement companies are seeing a weak quarter in terms of sales, owing to rains in large parts of the country. In the North, cement prices remained flat in the National Capital Region, while prices fell 5-30 rupees per 50-kg bag in Rajasthan. Demand continues to remain weak in the region. Cement dealers expect some weakness in prices due to weak demand and the monsoon.

FMCG Sector – Seen sideways to weak, HUL earnings eyed

Shares of fast moving consumer goods companies are seen trading sideways-to-weak this week due to lack of cues and tracking movement in the broader market. The market will eye Hindustan Unilever Ltd's Apr-Jun results, which will lend cues to the consumer goods stocks. Hindustan Unilever Ltd's net profit for Apr-Jun is seen rising 9.4% on year to 11.6 bln rupees on the back of volume growth and margin expansion, according to estimates. Net sales of the company are likely to rise 7.5% on year to 85.7 bln rupees on the back of 3-6% volume growth. A pick-up in the progress of monsoon rains over the past few days has improved sentiment for FMCG stocks, due to which we expect sideways to negative movement in stocks.

**IT Sector – Seen in range; Infosys' sales growth aim cut to weigh**

Shares of information technology companies are seen trading in a range with negative bias this week after sector leader Infosys cut sales growth guidance for 2016-17. Losses in the sector are seen restricted as optimism in the broader market and rupee movement are seen reviving the sentiment. Infosys cut its sales growth guidance in dollar terms for 2016-17 to 10.8-12.3% from 11.8-13.8% earlier. The IT major also cut its sales growth guidance in rupee terms to 11.7-13.2% from 12.7-14.7%, and in constant currency terms to 10.5-12%, compared with 11.5-13.5% earlier. Infosys reported a 4.5% sequential decline in its consolidated net profit to 34.4 bln rupees in Apr-Jun. Its consolidated net sales rose 1.4% q-o-q to 167.8 bln rupees in Apr-Jun. Tata Consultancy Services reported Apr-Jun consolidated net profit of 63.2 bln rupees, down 0.5% q-o-q. Wipro will announce its earnings on Jul 19. It is expected to report 2-3% sequential rise in dollar sales from \$1.88 bln a quarter ago. The company is likely to report a consolidated net profit of 21.5 bln rupees, down 3.7% on quarter according to estimates. Mindtree which is scheduled to announce its Apr-Jun earnings on Jul 18 is likely to report a 1.3% q-o-q in consolidated net profit for Apr-Jun to 1.6 bln rupees according to estimates.

Oil Sector – RIL in focus on robust earnings; PSUs positive

Shares of Reliance Industries Ltd will be in focus this week and are likely to benefit from positive sentiment after the company surprised with a better-than-expected bottom line of 75.48 bln rupees, up 18.5% on year. At \$11.5 a barrel, the company's gross refining margin also beat expectations of \$9.5-9.8 a bbl. The company's gross refining margin was also an improvement over \$10.4 a bbl in the corresponding quarter last year, and \$10.8 a bbl for Jan-Mar. RIL's gross refining margin improved despite a 38% on-year decline in the benchmark Singapore refining margin. Shares of state-owned oil refining companies IOC, BPCL and HPCL are likely to remain range-bound, but with a bullish bias this week, and may outperform the broad market. In the absence of any major sectoral trigger, the trend for downstream as well as upstream oil companies over the next few sessions will be determined by the movement in crude oil prices, as well as the broad market sentiment. For upstream players such as ONGC, Oil India, and Cairn India, a rise in crude oil prices will have a negative impact, as these entities produce and sell the commodity.

Pharma Sector – Seen in range; Apr-Jun results eyed for fresh cues

Shares of pharmaceutical companies are seen trading range-bound this week, as investors await corporate earnings for Apr-Jun to provide fresh cues. Biocon and its listed-subsiary Syngene International will announce their Apr-Jun earnings on Jul 21, while Sanofi India will detail its earnings on Jul 22. According to estimates, Biocon's consolidated net profit for Apr-Jun is seen flat on year at 1.26 bln rupees, while net sales are likely to rise 23.1% to 9.59 bln rupees. Overall, stocks in the pharmaceuticals space may see some consolidation, following gains in past month due to the recent news that manufacturing plants of a number of pharma companies have been cleared by the US Food and Drug Administration. In the last two or three months, there was a marked increase in the receipt of Establishment Inspection Reports from the US FDA. Such receipts indicate that a facility is in compliance with standards required by the US FDA.

Metal Sector – Seen trading with positive bias this week

Shares of major metal and mining companies are seen trading with a positive bias this week, with markets eyeing for cues from Apr-Jun earnings and improvement in the outlook for base metals. Focus will be on shares of Hindustan Zinc, which will announce its Apr-Jun earnings on Jul 20. The Udaipur-based company is expected to report a net profit of 11.24 bln rupees, down 41.5% on year, according to estimates. Steel companies' realizations are seen improving in the quarter due to the imposition of the minimum import price.

Telecom Sector – Seen mixed this week, spectrum charge decision eyed

Stocks of telecom companies are seen mixed this week, but focus will be decision over the spectrum usage charge that is likely to be finalised soon. Telecom Regulatory Authority of India recommended a uniform spectrum usage charge, but said it is "constrained" to examine the weighted average solution as suggested by Attorney General Mukul Rohatgi and proposed by the Department of Telecommunications. The authority suggested its own weighted average formula that takes into account the final bid value of a spectrum band and technical efficiency of those airwaves. Currently, the charge is calculated through a weighted average formula factoring different usage charge rates for spectrum acquired at different points in time. If accepted by the government, TRAI's formula will result in a higher payout by the industry compared to what had been proposed by the telecom department. Both the telecom majors Idea Cellular and Bharti Airtel announced price-friendly data schemes to the customers ahead of the launch of Reliance Jio Infocomm, which according to recent reports may be as early as August.



Market range for the week 8320-8820

Nifty	Values
Support 1	8480
Support 2	8420
Support 3	8350
Resistance 1	8580
Resistance 2	8620
Resistance 3	8750

Resistance – Nifty may face resistance at 8580 level above this level it may go up to 8620-8750 level.

Support - Nifty has support at 8480 level below this next support at 8420-8350 levels.

Technical – During the week, CNX Nifty opened at 8413.35 and touched the highest level of 8594.80 and lowest level of 8407.05. The CNX Nifty ended at 8541.40; gain 218.20 point or 2.62%. The S&P BSE Sensex opened at 27358.23 and touched the highest level of 28048.70 and lowest level of 27358.23. The S&P BSE Sensex closed at 27836.50; gain 709.60 points or 2.62%.

For the coming week, we expect the market range of 8320-8820

Weekly Chart View –

We had mentioned in last week’s report that we witnessed series of narrow range body formation on the daily chart and on the weekly chart “Doji candle”, because of that we had mentioned we should use buying opportunity at lower level and once again we had seen positive move in Nifty. Now on the daily chart we witness continues “Gap up” candle and on the weekly chart also we witness “Gap up” candle. According above chart pattern still we can see stocks specific move and any downward move up to 8350-8320 we use as a buying opportunity. Overall mood is still positive.

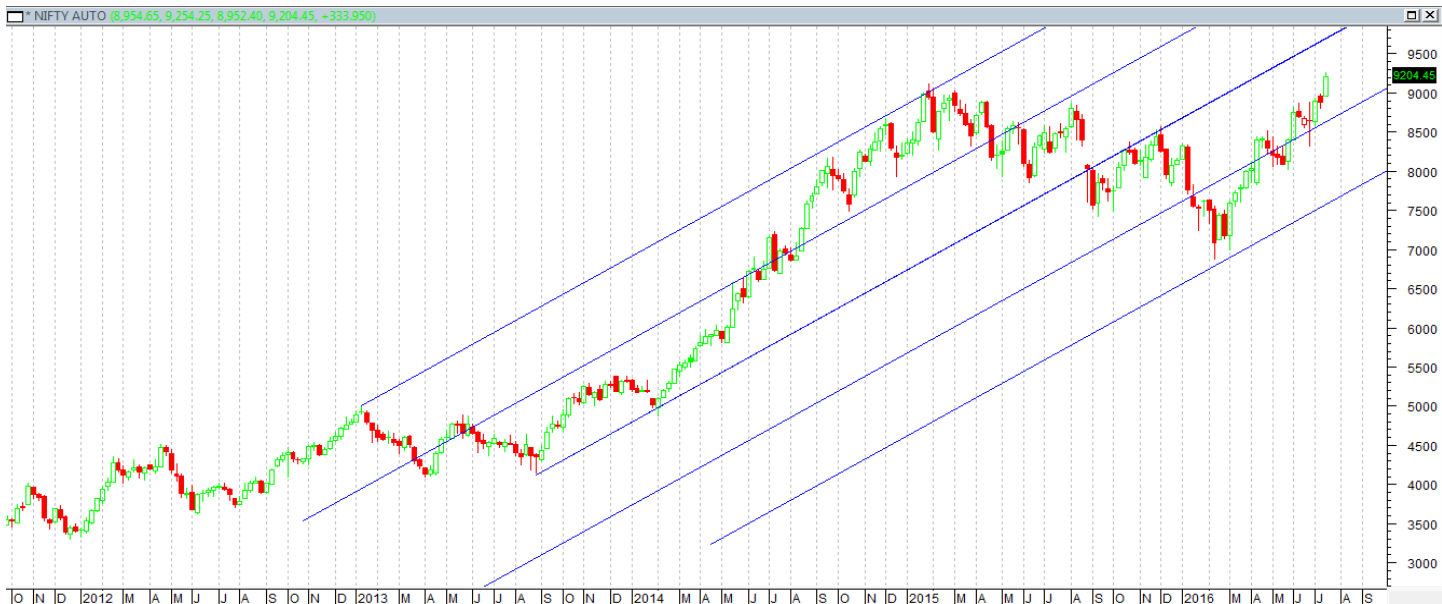
Weekly Chart





Weekly Sectoral Technical Outlook

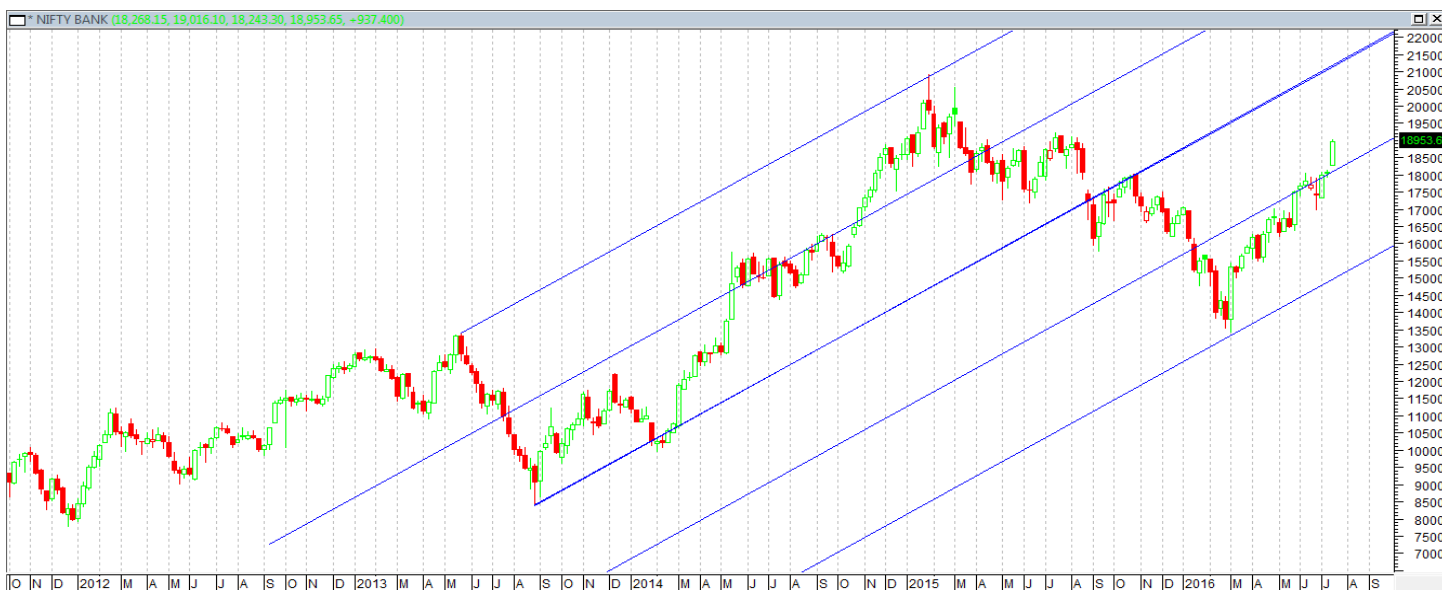
NSE Auto Index	CMP: 9204
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NSE Auto

At present the weekly chart is maintaining a higher-top higher- bottom formation. Hence momentum on the upside is likely to continue. Aggressive traders gone long above 9233 should trial their stop loss to 9050. On the upside it can test 9400 - 9700 levels.

NSE Bankex	CMP: 18953
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NSE Bankex

We maintain our stance that the price action is making a higher high formation, hence momentum on the upside is likely to continue. Hence, aggressive traders, gone long above 18975 can trial the stop loss to 18500. On the upside it can test 19200 – 19800 levels.



NSE Metal Index

CMP: 2418

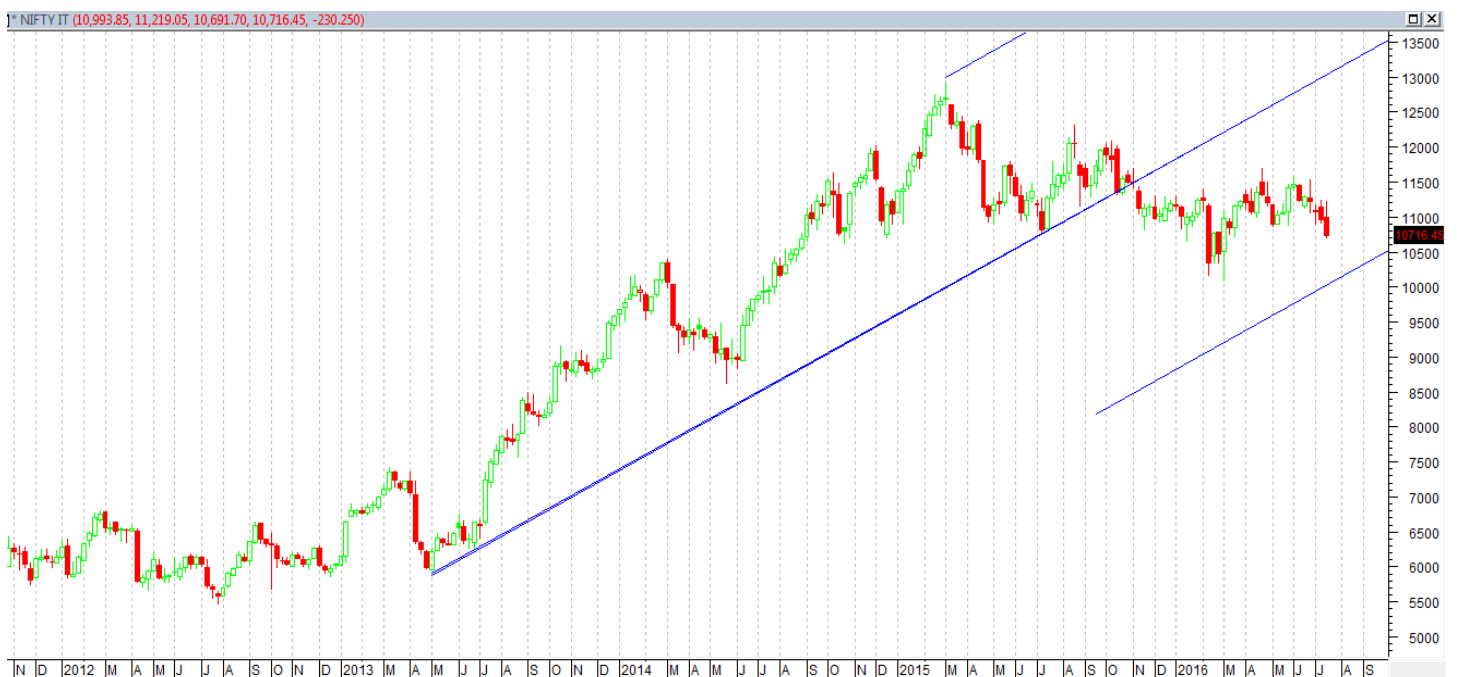


NSE Metal Index

We maintain our stance that prices are holding to the lower trendline of the “Symmetrical Channel”. Aggressive traders gone long can trial the stop loss to 2200. On the upside, it can test 2550 - 2700 levels.

NSE IT

CMP: 10716



NSE IT

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



Weekly Technicals of Key Companies –

Company	Closing 15-Jul-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1613	1621	1636	1659	1598	1583
ADANIPORTS	221	217	227	233	211	202
AMBUJACEM	261	262	264	268	258	255
ASIANPAINT	1026	1023	1040	1055	1009	992
AUROPHARMA	762	770	783	804	748	735
AXISBANK	565	559	576	588	548	530
BAJAJ-AUTO	2696	2674	2722	2748	2648	2600
BANKBARODA	164	164	170	175	158	152
BHARTIARTL	379	372	387	394	365	350
BHEL	143	142	148	153	137	131
BOSCHLTD	23908	23573	24295	24683	23185	22463
BPCL	555	559	574	593	540	524
CIPLA	516	517	527	538	506	496
COALINDIA	319	320	327	334	312	306
DRREDDY	3588	3594	3633	3678	3549	3510
EICHERMOT	19781	19686	19960	20140	19506	19232
GAIL	394	390	403	412	381	367
GRASIM	4822	4739	4928	5035	4633	4444
HCLTECH	718	723	735	752	705	693
HDFC	1364	1344	1390	1416	1318	1272
HDFCBANK	1224	1210	1239	1255	1195	1165
HEROMOTOCO	3244	3243	3295	3346	3192	3139
HINDALCO	137	135	142	147	130	123
HINDUNILVR	942	936	957	973	920	898
ICICIBANK	266	261	275	284	252	237
IDEA	111	108	114	118	105	99
INDUSINDBK	1127	1125	1149	1171	1103	1078
INFRADEL	353	352	360	367	345	337
INFY	1073	1107	1162	1251	1018	963
ITC	249	249	253	256	245	241
KOTAKBANK	772	768	788	805	752	731
LT	1586	1575	1606	1627	1554	1523
LUPIN	1670	1666	1692	1714	1644	1618
M&M	1465	1460	1490	1515	1435	1404
MARUTI	4472	4385	4580	4689	4277	4082
NTPC	156	153	163	169	146	136
ONGC	230	232	240	250	222	214
POWERGRID	164	165	170	176	160	155
RELIANCE	1012	1006	1027	1042	991	971
SBIN	232	229	237	242	224	217
SUNPHARMA	770	776	789	807	758	746
TATAMOTORS	494	489	506	519	477	460
TATAMTRDVR	312	310	321	329	301	290
TATAPOWER	72	72	74	76	70	69
TATASTEEL	373	356	392	410	337	301
TCS	2445	2467	2507	2569	2405	2365
TECHM	504	510	518	532	496	488
ULTRACEMCO	3531	3503	3587	3643	3447	3363
WIPRO	555	562	570	586	546	537
YESBANK	1179	1166	1200	1221	1145	1110
ZEEL	472	465	481	490	456	439

Source: Iris Software



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